

**Assembly Committee on Jobs, Economic
Development, and the Economy**

2015 End of the Year Report
including
A Summary of Legislation



Eduardo Garcia, Chair
Young O. Kim, Vice Chair

***Assembly Committee on Jobs, Economic
Development, and the Economy***

Office Phone: 916.319.2090

Office Fax: 916.319.2190

Committee Website: <http://ajed.assembly.ca.gov/>

Mailing Address:

*California State Capitol
Assembly Committee on Jobs,
Economic Development, and
the Economy
Sacramento, CA, 95814*

Office Location:

*Legislative Office Building
Assembly Committee on Jobs,
Economic Development, and
the Economy
1020 N Street, Room 359
Sacramento, California 95814*

Jobs, Economic Development, and the Economy

Eduardo Garcia, Chair
Young Kim, Vice Chair
William Brough
Cheryl Brown
Ed Chau
Kansen Chu
Mike Gipson
Jackie Irwin
Devon Mathis

Committee Staff:

Toni Symonds, Chief Consultant
Mathew Hurley, Committee Secretary
Natalee Vicencia, Committee Secretary*
Janna Youb, Spring 2015 Policy Intern
Norberto Miranda, Summer 2015 Policy Intern

*Spring 2015

Assembly Republican Caucus, Office of Policy:

Julia King, Principal Consultant

Vice-Chair
Kim, Young O.

Members
Brough, William P.
Brown, Cheryl R.
Chau, Ed
Chu, Kansen
Gipson, Mike A.
Irwin, Jacqui
Mathis, Devon J.

California State Assembly
**JOBS, ECONOMIC DEVELOPMENT, AND THE
ECONOMY**



Chief Consultant
Toni Symonds

Committee Secretary
Matthew Hurley

1020 N Street, Room 359
(916) 319-2090
FAX: (916) 319-2190

EDUARDO GARCIA
CHAIR

Dear Interested Parties:

As Chair of the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE), I am pleased to publish the Committee's 2015 End of the Year Report.

This report includes both a list of legislation and policy briefings related to JEDE's jurisdiction. Among other areas, JEDE has responsibility to oversee issues related to California's manufacturing and logistical networks, the state's clean technology economy, small business development, disabled veteran business enterprises, international trade, infrastructure, regulatory reform, and workforce development.

I hope you find this information useful.

If you have any questions or need further information, please do not hesitate to contact the JEDE Committee Office at 916.319.2090 or visit the JEDE Committee website at <http://ajed.assembly.ca.gov/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eduardo Garcia", with a stylized flourish at the end.

EDUARDO GARCIA
Chair
Assembly Committee on Jobs,
Economic Development, and the Economy

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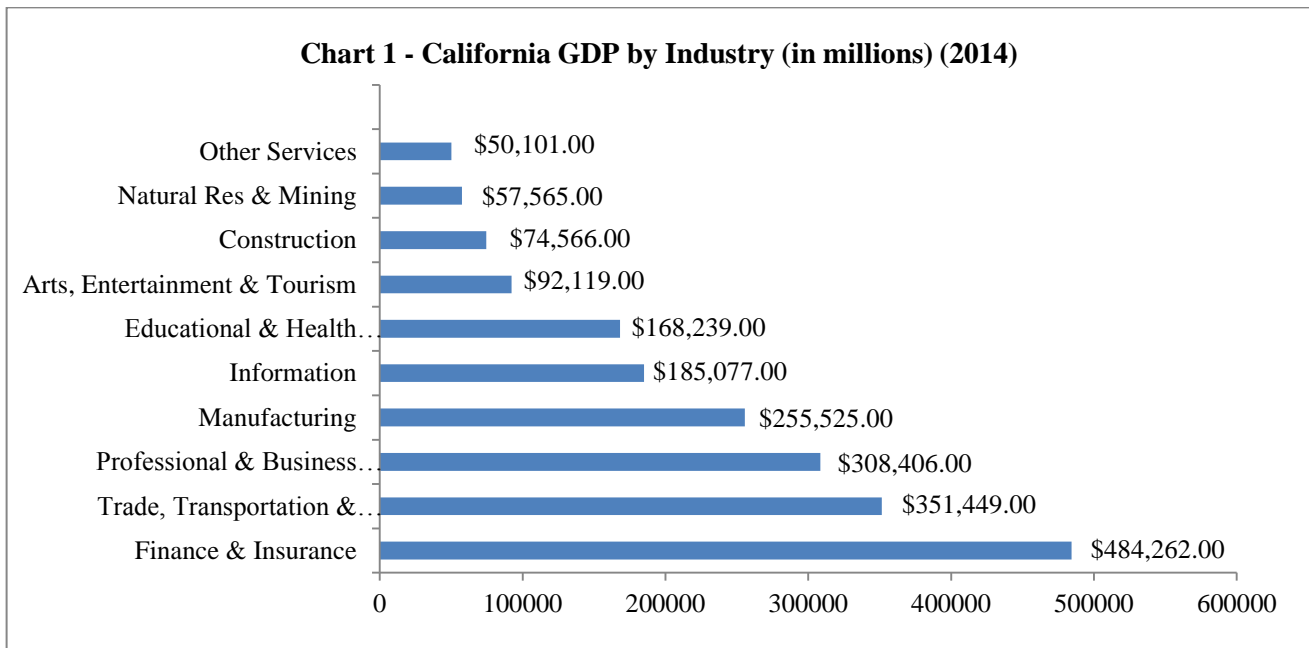
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Section I –The California Economy

California is one of the largest and most diversified economies in the world, which had a gross domestic product (GDP) of over \$2.3 trillion in 2014. If California were a country, its 2014 GDP would place it 8th among nations, ranking as follows: United States (\$17.41 trillion), China (\$10.38 trillion), Japan (\$4.61 trillion), Germany (\$3.86 trillion), France (\$2.84 trillion), Brazil (\$2.35 trillion), California (\$2.31 trillion); Italy (\$2.14 trillion), India (\$2.05 trillion), and Russia (\$1.85 trillion).

Historically, the state's significance in the global marketplace resulted from a variety of factors, including its strategic west coast location, its economically diverse regional economies, its skilled workforce, and its culture of innovation and entrepreneurship, particularly in the area of technology. California's 29 million working age individuals comprise the single largest workforce in the nation, are comparatively younger, and have an educational achievement level above the national average. As an example, over 30% of the working age population in California holds at least a bachelor's degree.

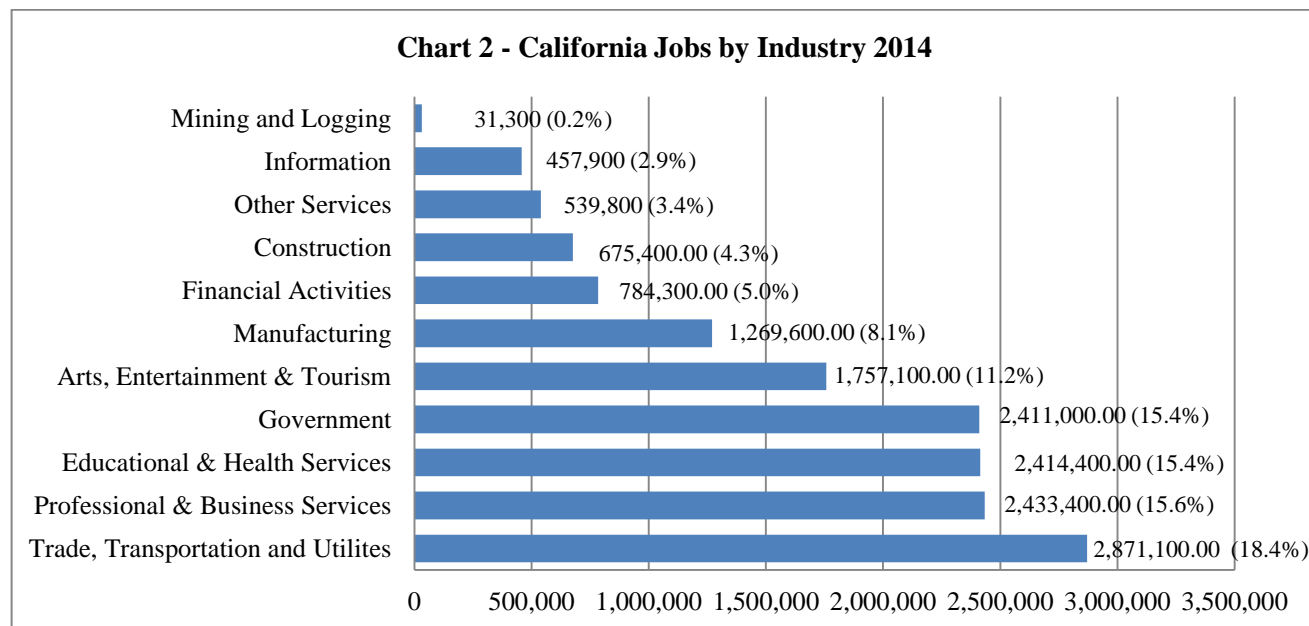
California's well diversified small business base also provides an economic advantage by meeting the niche needs of the state's dominant and emerging innovation-based industry sectors. **Chart 1** displays information on California's private industry sectors. In 2014, the finance and insurance sector provided the largest economic contribution to the state's overall GDP, \$484 billion of \$2.3 trillion. Firms in this industry sector include entities that raise funds, pool risk, and facilitate financial transactions including real estate.



California's next four largest industry sectors, include the trade, transportation, and utility sector (\$351 billion); professional and business services sector (\$308 billion); the manufacturing sector, which includes manufacturing of computers; and biomedical devices (\$255 billion).

Changes in the value of GDP per industry sector are also measured and reported quarterly and annually. Between 2013 and 2014, 70% of California's industry sectors outpaced that of the U.S. and five sectors had growth rates below that of the nation overall including: financial activities (+1.2% v. +1.6%); transportation/ warehousing/ utilities (-1.6% v. +0.8%); construction (-1.0% v. -0.7%); agriculture (-7.3% v. -7.2%); and mining and logging (-11.0% v. +7.2%).

Chart 2, developed using data provided by the California Employment Development Department, shows California's largest industry sectors based on employment. Based on total employment, the trade, transportation, and utilities sector is largest, employing 2.8 million (18.4% of California jobs). Jobs in this sector also support employment in other industry sectors including Manufacturing (8.1%), Professional Services (15.6%), and Financial Activities (5.0%).



Many of the jobs associated with these major industry sectors are also associated with high wages. Manufacturing is considered the "gold standard" for jobs because of its high wages, inclusion of small businesses within its global supply chains, and having a high multiplier effect on related jobs. The Milken Institute estimates that for every job created in manufacturing, 2.5 jobs are created in other sectors. In some industry sectors, such as electronic computer manufacturing, the multiplier effect is 16 to one.

A comparison of **Chart 1** and **Chart 2** also illustrates that different industry sectors provide different types of contributions to California's economy. GDP measures the total value of goods and services produced, while employment measures the number of people engaged in that production. Sustaining and expanding jobs is important to spreading the economic value of GDP. There is a widely reported concern that the nation's economic recovery from the financial crisis and recession has been too slow-paced and that job growth has been particularly weak.

Seven years after the beginning of the financial crisis, many individuals and businesses have not fully recovered from its effects. Lenders, investors, and large corporations are still holding previously unusually high amounts of cash. The World Economic Forum questions whether we have reached a "new normal" characterized by "subdued economic growth, lower productivity growth, and high unemployment." A recent New York Times commentary described the economy of exhibiting

contradictory qualities that show it to be both robust and highly vulnerable. In California, the state has re-gained the number of jobs that were lost during the recession, however, the replacement jobs are in different industry sectors and geographic areas. Further, as **Charts 3 and 4** show, unemployment among certain geographic regions and populations are significantly above the average for the state and U.S.

Geographic Differences in Economic Growth

In September 2015, the California Employment Development Department released a special labor trends report which highlighted job growth in Coastal and Inland county economies. Among other findings, the report notes that total job growth between 2010 through 2014 was 9.4%, but the growth within the inland counties was only 8.7%. Further compounding the impact of the lower job growth rate was the significant concentration of that growth in five counties, including: Fresno, Kern, Stanislaus, Placer, and Tulare. These five counties out of the 29 classified as inland counties accounted for nearly two out three of the new inland county jobs (64.6% of 124,000 additional jobs). Job growth was also concentrated in the coastal areas with Los Angeles, Santa Clara, and San Diego experiencing 44.8% of the 1.2 million new jobs in coastal areas.

In 2014, 90.1% of nonfarm payroll was related to jobs in coastal counties and 9.9% in inland counties, 13.9 million and 1.5 million jobs respectively. While this split is partially due to the higher percentage of the population being located in those counties classified as coastal, these number also suggest other demographic and economic shifts.

Among other issues, two key factors have contributed to the jobs imbalance including a lack of trade-related infrastructure within the inland counties and different business development patterns. California's coastal areas have three of the nation's busiest sea ports, including Los Angeles, Long Beach, and Oakland. San Diego and Port Hueneme are also important to cars and agriculture respectively. The inland counties have tried for years to develop inland ports and multimodal transportation facilities. Bringing these inland resources to scale will take significant funding and focused public policy attention on upgrading inland California's logistical network. As an example, Ontario Airport has been designated as the Los Angeles World Airport's cargo hub. Yet, Los Angeles International Airport remains better developed and thus significantly busier.

Business development within the coastal counties increased by 4.9%, adding 56,000 new establishments between 2010 through 2014. The inland counties had a net loss of 75 businesses or 0.1%. Of the 1.3 million business establishments in California in 2014, 89.4% were located in the coastal counties with the remaining roughly 11% headquartered in an inland county.

Unemployment Rates Further Underscore Income Disparities in California

In the following charts, unemployment rates by geographic region, race/ethnicity, and age is provided. In difficult economic times and when tracking economic capacity for growth, policy makers often closely track unemployment and poverty rates. In the recession, the state unemployment rate hit a high of 12.4% in February of 2010, which was only the second time since the 1970s that the state rate was above 10%. In September 2015, the most recent studies available, the state reported a seasonally adjusted rate of 5.9% as compared to the U.S. rate of 5.1%.

The lowest (not seasonally adjusted) unemployment rate among California counties in September 2015 was 3.0% in San Mateo. Fourteen counties had rates 7% or above in September. The highest unemployment rate for the month was 21.6% in Imperial County. The comparable California rate (not seasonally adjusted) was 5.5%. One year prior, 30 counties had unemployment rates at 7% or above, with 7.0% being the not seasonally adjusted unemployment rate. **Chart 3** displays labor force, employment and unemployment in selected counties.

Chart 3 - Unemployment September 2015 Selected Metro Areas (not seasonally adjusted)				
	Labor Force	Employment	Unemployment	Rate
California	18,946,000	17,911,900	1,034,200	5.5%
Imperial County	77,800	61,000	16,800	21.6%
Los Angeles County	5,003,500	4,695,000	308,500	6.2%
Orange County	1,596,200	1,532,200	64,000	4.0%
Riverside County	1,016,700	952,800	63,900	6.3%
Sacramento County	685,300	648,500	36,800	5.4%
San Bernardino County	913,900	860,700	53,200	5.8%
San Diego County	1,564,600	1,492,300	72,300	4.6%
Ventura	427,700	405,200	22,500	5.3%
Source California: California Employment Development Department				

Beyond geographic differences, certain demographic groups have unemployment rates disproportionate to the state as a whole. **Chart 4** displays data on California's overall unemployment rate as compared to race, ethnicity, and age. The chart shows how particularly vulnerable the individuals in these groups are to economic downturns and how recovery hasn't necessarily brought their unemployment rates in line with the state overall.

Chart 4 – Unemployment by Race, Ethnicity, and Age				
	September 2015	August 2015	Annual Ave 2012*	Annual Ave 2010*
California	5.5%	6.1%	10.7%	12.5%
Blacks	11.8%	12.9%	18.9%	21%
Hispanics	7.7%	7.8%	13.3%	15.3%
Whites	6.3%	6.4%	10.4%	12.3%
16 to 19 year olds	21.8%	22.5%	37.9%	36.7%
20 to 24	11.4%	11.4%	17.1%	20.2%
Source: Calif Employment Development Department/2015 not seasonally adjusted and *US Bureau of Labor Statistics/2012 and 2010 annual averages				

Given the shifting demographics of the state to a diverse workforce and the increasing importance of 16 to 24 year olds to the emerging workforce, these unemployment rates serve as key baseline measurements for targeted actions.

Legislation from 2015

Below is a summary of the legislation heard by, or of interest to, JEDE during 2015 relating to improving the state's economic development activities including those related to creating a more inclusive economy. Legislation not heard by JEDE are marked with an *. This is the most general designation category, which provides information on tax expenditures and other economic development programs and services. Other sections of the report provide more targeted information with a list of related legislation including sections on small business, trade and foreign investment, infrastructure, workforce development and manufacturing.

AB 2 (Alejo and E. Garcia) Community Revitalization and Investment Authorities: This bill authorizes the establishment of a Community Revitalization and Investment Authority and use of the property tax increment revenues to finance economic development and affordable housing programs within a specified community revitalization and investment area. Eligible areas are limited to those that have an annual median household income that is less than 80% of the statewide annual median income and meet three of the following four conditions:

1. Nonseasonal unemployment that is at least 3% higher than the statewide median, as defined by a specified labor market report.
2. Crimes rates that are 5% higher than the statewide median crime rate, as defined by a specified Department of Justice report.
3. Deteriorated or inadequate infrastructure.
4. Deteriorated commercial or residential structures.

Status: Signed by the Governor, Chapter 319, Statutes of 2015

AB 80 (Campos) Interagency Task Force on the Status of Boys and Men*: This bill would have established a 20-member Interagency Task Force on the Status of Boys and Men of Color. Issues to be addressed by the Task Force would include, but not be limited to, employment and wealth creation, health and safety, education, and juvenile justice. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *How state policy can be tailored to promote the well-being of boys and men of color is profoundly important. These issues, however, are best addressed through concrete actions, not another non-binding commission. The Legislature and the Administration are working on the critical issues raised by this bill, such as the Local Control Funding Formula, healthcare expansion and criminal justice reform. Much more can be done, and I am committed to advancing this work.*

AB 154 (Ting) Tax Conformity*: This bill modifies state tax law to be in greater conformance with federal law, as specified. Status: Signed by the Governor, Chapter 359, Statutes of 2015.

AB 185 (E. Garcia) California New Markets Tax Credit: This bill establishes a five-year \$200 million tax credit program to attract new private capital to small businesses located in very low-income neighborhoods. In general, the new state credit parallels the federal New Market Tax Credit. Status: Pending in the Assembly Committee on Appropriations, a two-year bill.

AB 189 (Bloom) Cultural Districts*: This bill requires the California Arts Council to adopt criteria and guidelines for the establishment of state designated cultural districts. Status: Signed by the Governor, Chapter 396, Statutes of 2015.

AB 199 (Eggman) Recycled Feed Stock Sales Tax Exemption*: This bill expands the Sales and Use Tax Exclusion Program for advanced manufacturing and transportation facilities to include equipment used to process recycled feedstock. Status: Signed by the Governor, Chapter 768, Statutes of 2015.

AB 437 (Atkins) Small Business Research and Development Grant Program*: This bill would have allowed a qualified small business to convert into cash grants up to 10% of the value of research and development credits carried over from the 2015 and 2016 taxable years to the 2017 year, or 15% for credits generated in the 2017 to 2022 taxable years. The bill would have provided for the acceleration of the taxpayer's ability to monetize the credits. Status: Vetoed by the Governor, 2015.

Governor's Veto Message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

AB 484 (Gipson) Export Finance: This bill expands the types of financial products the Small Business Finance Center may offer to include insurance and co-insurance for the purpose of increasing small business export activities. Status: Held on Suspense in the Assembly Committee on Appropriations.

AB 680 (Atkins) California Business Marketing Plan: This bill would have required the Governor's Office of Business and Economic Development to develop a plan to market the business and investment opportunities available in California. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

AB 816 (Bonta) Worker Cooperative Corporations*: This bill renames the Consumer Cooperative Corporation Law as the Cooperative Corporation Law; authorizes the creation of worker cooperatives, as specified; and increases, from \$300 to \$1,000, the maximum aggregate investment that may be made by a shareholder in shares or a member in memberships of a cooperative corporation. Status: Signed by the Governor, Chapter 192, Statutes of 2015.

AB 826 (Chau) Foreign Trade and Investment: This bill strengthens the statutory framework for Governor's Office of Business and Economic Development engagement on issues related to the attraction of foreign businesses and investments. Status: Pending in the Senate Committee on Business, Professions, and Economic Development, two-year bill.

AB 865 (Alejo) California Energy Commission Grants and Loans Diversity: This bill requires the California Energy Commission (CEC) to develop and implement an outreach program to inform certified businesses owned by women, minorities, disabled veterans, and gay, lesbian, bisexual, and transgender individuals of CEC workshops and funding opportunities, as specified. Status: Signed by the Governor, Chapter 583, Statutes of 2015.

AB 931 (Irwin) New Hire Tax Credit*: This bill would have expanded the definition of the term "qualified full-time employee" under the new hire tax credit to include a veteran who has separated from service in the U.S. Armed Forces within the 36 months preceding commencement of employment with a qualified taxpayer. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

AB 1033 (E. Garcia) The Bergeson-Peace Infrastructure and Economic Development Bank Act:

This bill establishes an alternative process for engaging with the private sector on the development of infrastructure that supports commerce and trade. The bill establishes a prequalified group of private developers and endows these developers with special participation rights when competing for public-private partnership infrastructure projects. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

AB 1090 (O'Donnell) Sales and Use Taxes- Reshoring Jobs: This bill increases the threshold for certain tax exemptions on gross receipts for qualified purchases from \$200 million to \$500 million for any calendar year on and after January 1, 2016, provided that \$300 million is for purchases of qualified tangible personal property that are used primarily for the purpose of reshoring or insourcing. The bill defines reshoring and insourcing to mean the relocation of a whole process, a piece of a process, a function, or a discrete piece of work from currently outside the boundaries of the U.S. to inside the boundaries of the state, regardless as to whether the work is moved to within or outside the boundaries of the company. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

AB 1196 (E. Garcia) Commission for Economic Development: This bill updates the role of the California Commission for Economic Development, including making additions to board membership, expanding the Commissions advisory role to include state participation in federal program, limiting board reimbursements, and granting greater flexibility for meetings that are exclusively held to take public and expert testimony, the process of establishing advisory committees, and for making legislative recommendations. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

AB 1348 (Irwin) Federal Economic Development Grant Opportunities: This bill authorizes the Governor's Office of Business and Economic Development to establish the position of a federal grant administrator who will serve as a single point-of-contact for information on federal grants related to business development, private sector investment, economic growth, and local government, and provides coordinating functions to manage and maximize federal grant opportunities within the state, as provided. The bill further authorizes the inclusion of federal grant and other grant opportunities on the website of the Governor's Office of Business and Economic Development. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

AB 1393 (Burke) Expansion of the Role of the California Pollution Control Financing Authority:

This bill would have expanded the authority and program focus of the California Pollution Control Financing Authority from providing financial assistance related to small business development and pollution control/remediation to also include unlimited types of financial products to a new and an expansive list of public and private entities, as specified. Status: Held in the Senate Committee on Appropriations, 2015.

AB 1444 (E. Garcia) Foreign Trade Zones: This bill updates California's 1946 law relating to establishment and operation of federally designated foreign trade zones within the state's boundaries. Status: Pending in the Senate Business, Professions, and Economic Development Committee, two-year bill.

AB 1471 (Perea) Update to Corporations Code*: Makes various technical, non-substantive, and clarifying changes in the Corporations Code in preparation for the Secretary of State automated filing system. Status: Signed by the Governor, Chapter 189, Statutes of 2015.

AB 1533 (JEDE) Infrastructure and Economic Development Bank Omnibus Bill: This bill updates definitions used by the California Infrastructure and Economic Development Bank when authorizing financing of infrastructure projects and economic development-related facilities. Further, the bill codifies the transfer of federal funds and grantee status from the Governor's Office of Business and Economic Development to the Valley Economic Development Center, Inc., as specified. Status: Signed by the Governor, Chapter 383, Statutes of 2015.

ACR 92 (Gipson) Commemoration of the 50th Anniversary of the Watts Revolt*: The resolution memorializes the California Legislature's recognition of the 50th Anniversary of the Watts Revolt and commitment to promoting local and statewide solutions to address disparities in housing, education, employment, healthcare, and law enforcement. This resolution also recognizes historic efforts that have sought to improve the condition of the impacted communities. Status: Adopted by the Assembly, Resolution Chapter 188, Statutes of 2015.

AJR 13 (Ridley-Thomas) 50th Anniversary of the 1965 Voting Rights Act*: The resolution memorializes the California Legislature's recognition of August 6, 2015, as the 50th anniversary of the signing of the federal Voting Rights Act of 1965 and urges the U.S. Congress and President to continue to secure every citizens' right to vote and to remedy racial discrimination in U.S. voting practices. Status: Adopted by the Legislature, Resolution Chapter 193, Statutes of 2015.

AJR 14 (Chu) Reauthorization of the U.S. Export-Import Bank: This resolution memorializes the California Legislature's support for re-authorization of the federal Export-Import Bank, which offers insurance and credit products to support U.S. companies' participation within the broader global economy. Status: Adopted by the Legislature, Resolution Chapter 84, Statutes of 2015.

SB 9 (Beall) Transit and Intercity Rail Capital Program*: This bill makes programmatic changes to the Transit and Intercity Rail Capital Program including, requiring that funds be used for projects that are transformative, which includes rail, bus, or ferry transit that significantly reduces vehicle miles traveled, congestion, and greenhouse gas emissions. The bill also eliminates operations funding as an eligible use of funds and expands the list of co-benefits by which projects are evaluated. Status: Signed by the Governor, Chapter 710, Statutes of 2015.

SB 63 (Hall) Seaport Infrastructure Districts*: This bill authorizes cities and counties to establish Seaport Infrastructure Financing Districts and allows these districts to finance certain port or harbor facilities, as specified. Status: Signed by the Governor, Chapter 793, Statutes of 2015.

SB 102 (Committee on the Budget) General Government Budget Trailer*: This bill makes a number of statutory changes to effectuate the implementation of the 2015-16 Budget Act. This includes authorizing the Strategic Growth Council to designate a state agency or department to administer the disbursement of grants and loans issued as part of the Affordable Housing and Sustainable Communities program. Status: Signed by the Governor, Chapter 323, Statutes of 2015.

SB 189 (Hueso) Clean Energy Jobs Committee: This bill would have established the Clean Energy and Low-Carbon Economic and Jobs Growth Blue Ribbon Committee (Clean Energy Jobs

Committee) for the purpose of making recommendations to state agencies on how to use climate mitigation funds to create a more inclusive economy, including business development and job creation activities. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

SB 208 (Lara) Water Facility Grants*: This bill authorizes the Department of Water Resources (DWR), under specified conditions, to provide advance funding of Integrated Regional Water Management Plan grants where the project proponent is a nonprofit organization or a disadvantaged community, or the project benefits a disadvantaged community. Status: Signed by the Governor, Chapter 675, Statutes of 2015.

SB 251 (Roth) Small Business Litigation Relief*: This bill makes various changes to the law as it pertains to small businesses and construction-related accessibility claims. The bill would have also established a 10% tax credit for access-related eligible expenditures, beginning on or after January 1, 2016, and before January 1, 2023, that are in excess of \$250 but less than \$10,250. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

SB 350 (De León) Renewable Energy Portfolio*: This bill enacts the Clean Energy and Pollution Reduction Act of 2015, which sets a 50% target for increasing renewable energy sales and requires the doubling of energy efficiency in building by 2030. Status: Signed by the Governor, Chapter 547, Statutes of 2015.

SB 412 (De Leon) Biotech and the Commission for Economic Development: This bill adds the biotechnology industry to the list of segments of the state's economy from which the Commission for Economic Development is required to appoint an advisory committee. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy, two-year bill.

SB 662 (Environmental Quality) Recycling Marketing Zones*: This bill expands the allowable uses of the funds in the Recycling Market Development Revolving Loan Subaccount to include payments to local governments for the promotion of a Recycling Market Development Zone. The bill also changes the annual reporting date for the architectural paint extended producer responsibility collection program from September 1 to November 1, beginning in 2016. Status: Signed by the Governor, Chapter 453, Statutes of 2015.

Section II – Small Business Development and Operations

Small businesses form the core of California's \$2.3 trillion economy. Research shows that net new job creation is strongest among businesses with less than 20 employees, and that small businesses have historically led the state's local and regional economies out of recessions.

Businesses with no employees make up the single largest component of businesses in California, 2.9 million out of an estimated 3.6 million firms in 2012, representing over \$149 billion in revenues with highest number of businesses in the professional, scientific, and technical services industry sector. As these non-employer businesses grow, they continue to serve as an important component of California's dynamic economy.

Excluding non-employer firms, businesses with less than 20 employees comprise nearly 90% of all businesses and employ approximately 18% of all workers. Businesses with less than 100 employees represent 97% of all businesses and employ 36% of the workforce. These non-employer and small employer firms create jobs, generate taxes, and revitalize communities.

These smaller size businesses have historically played a distinctive role during challenging economic times. From 1999 to 2003, microenterprises created 318,183 new jobs or 77% of all employment growth, while larger businesses with more than 50 employees lost over 444,000 jobs. In the most recent recession this trend continued as the number of non-employer firms increased from 2.6 million reporting \$137 billion in revenues for 2008 to 2.8 million reporting \$138 billion in revenues for 2010, based on federal tax returns. Since the recession, these businesses have become increasingly important because of their ability to be more flexible and suited to niche foreign and domestic market needs.

However, their small size also results in certain market challenges, including having difficulty in meeting the procedural requirements of the state's complex regulatory structure and the traditional credit and collateral requirements of mainstream financial institutions. Specialized technical assistance, access to credit enhancements, and collaborative marketing opportunities help many small businesses overcome or at least minimize these difficulties.

The 2012 Survey of Business Owners

In August 2015, the U.S. Department of Census published initial data from the 2012 Survey of Business Owners. The last survey was made in 2007. While the data significantly trails real-time, it is the most comprehensive source for tracking trends in entrepreneurship, including ownership by women and individuals of color.

Chart 5, shows selected data from the 2012 Survey of Small Business Owners. Among other findings, the data shows a 27.5% increase in women-owned businesses between 2007 and 2012, as compared to a 7.9% increase in businesses owned by men and a -45.8% decrease in firms owned equally by men and women. Women-owned businesses also experienced the greatest increase in the number of people they employed and wages paid.

Chart 5 - Gender Differences in U.S. Businesses			
	Percent Change 2007 to 2012 Women-Owned Firms	Percent of Change 2007 to 2012 Man and Women-Owned Firms	Percent Change 2007 to 2012 Men-Owned Firms
U.S. Firms	27.5%	-45.8%	7.9%
Receipts from all firms (employer and nonemployer)	35.1%	6.7%	33.8%
Employer Firms	15.7%	-25.8%	5.3%
Receipts from Employer Firms	35.4%	13.2%	34.9%
Employment	19.4%	-11.9%	11.5%
Payroll	35.3%	-0.9%	25.8%

Source: National Women's Business Council

States with the highest percentage of women-owned firms included District of Columbia, Georgia, Maryland, New Mexico, and Florida. Delaware, Alaska, North Dakota, Maine, and New Jersey were the states where women-owned firms collected the highest amount of receipts.

Women entrepreneurs, according to the Ewing Marion Kauffman Foundation, have unique skill sets, which both set them apart from other business owners and make them successful entrepreneurs. Among other things, the Kauffman Foundation states that women entrepreneurs have a more nuanced understanding of businesses risk/reward profile. Women are more comfortable with financial risks, but more sensitive about risks that may seem foolhardy. The Kauffman Foundation also believes that there is a correlation between a rise in women entrepreneurs and increased business returns and payout ratios.

In California, business ownership by women was up 13.7%, which was the highest among states with the largest number of women-owned businesses. In Texas, women-owned businesses were up 8.7%; Florida, 8.18%; New York, 7.3%; and Illinois, 4.23%. California also had the highest number of Hispanic and Asian American women-owned firms. For businesses owned by Black women, Georgia had the largest number of firms, California had the fifth largest number.

Chart 6 shows additional information from the 2012 Survey of Business Owners relative to race and ethnicity. The largest percentage changes in business ownership were by Hispanic women, where the number of firms grew by 87.3% between 2007 and from 20012. As a comparison, male Hispanic-owned firms grew by 39.3%.

Chart 6 - Comparison of Business Growth by Race, Ethnicity, and Veterans	
Business Ownership	Percent Change 2007 to 2012 Number of all Firms
Asian American Women	44.3%
Asian American Men	25.7%
Black Women	67.5%
Black Men	18.8%
Hispanic Women	87.3%
Hispanic Men	39.3%
White Women	10.1%
Veteran Women	29.6%
Veteran Men	7.7%

Source: 2012 Survey of Business Owners

Using Entrepreneurship to Address Income Disparity

In understanding how business ownership can shift the income disparity dynamic, it may be useful to consider a 2011 Congressional Budget Office (CBO) report on after-tax incomes of American households.

The CBO found that between 1979 and 2007, income for households at the higher end of the income scale rose much more rapidly than income for households in the middle and at the lower end of the income scale. Most significantly, by the end of the reporting period (2005-2007), the after-tax

income received by the top 20% exceeded the after-tax income of the remaining 80%. **Chart 7** illustrates the CBO's findings in more detail.

Chart 7 - After-Tax Income Growth 1979 to 2007			
Income Bracket	Income Earners	Percentile	Percentage Growth
1	Top 1%	100th	275%
2	Next 20%	81 st to 99 th	65%
3	Next 60%	20 th to 80 th	40%
4	Bottom 20%	1 to 19 th	18%

Source: "Trends in the Distribution of House Income Between 1979 and 2007," Congressional Budget Office, 2011

The two primary reasons for the increase in income disparities were (a) the uneven distribution in the sources of household income and (b) the differing economic circumstances of those sources.

Households in the higher income brackets (1 & 2) received a majority of their income through capital gains and business income, which as a share of total income increased in value, while individuals in the bottom two brackets (3 & 4) received a majority of their income from labor income and capital income, which decreased in value. With the recession, this income disparity has continued to increase, in part, because of the impact of long term unemployment on wages (a core component of labor income), and rental rates (a core component of capital income).

The findings in the report also suggest that policies that inhibit access to self-employment serve to reinforce the income disparities trend and that policies which result in greater access, especially to historically underserved populations, could begin to break the trend.

Legislation from 2015

Below is a summary of the legislation heard by, or of interest to, JEDE during 2015 relating to small business and microenterprise. Small business procurement legislation is separately listed in the following section, "Disabled Veteran Business Enterprises (DVBE) and Small Business Procurement." Legislation not heard by JEDE is marked with an *.

AB 19 (Chang) Review of Regulations by the Governor's Office of Business and Economic Development: This bill would have required the Governor's Office of Business and Economic Development, in consultation with state Small Business Advocate, to review regulations affecting small businesses for the purpose of determining whether there is an alternative implementation method that is less burdensome or costly to small business, while still meeting the same policy objectives. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

AB 80 (Campos) Interagency Task Force on the Status of Boys and Men*: This bill would have established a 20-member Interagency Task Force on the Status of Boys and Men of Color. Issues to be addressed by the Task Force would include, but not be limited to, employment and wealth creation, health and safety, education, and juvenile justice. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *How state policy can be tailored to promote the well-being of boys and men of color is profoundly important. These issues, however, are best addressed through concrete actions, not another non-binding commission. The Legislature and the Administration are working on the critical issues raised by this bill, such as the Local Control Funding Formula, healthcare expansion and criminal justice reform. Much more can be done, and I am committed to advancing this work.*

AB 154 (Ting) Tax Conformity*: This bill modifies state tax law to be in greater conformance with federal law, as specified. Status: Signed by the Governor, Chapter 359, Statutes of 2015.

AB 184 (E. Garcia) Small Business Technical Assistance Act of 2015: This bill would have designated the Governor's Office of Business and Economic Development as the lead state entity for overseeing the state's participation and collaboration with the federal small business technical assistance programs. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

AB 185 (E. Garcia) California New Markets Tax Credit: This bill establishes a five-year \$200 million tax credit program to attract new private capital to small businesses located in very low-income neighborhoods. In general, the new state credit parallels the federal New Market Tax Credit. Status: Pending in the Assembly Committee on Appropriations, a two-year bill.

AB 189 (Bloom) Cultural Districts*: This bill requires the California Arts Council to adopt criteria and guidelines for the establishment of state designated cultural districts. Status: Signed by the Governor, Chapter 396, Statutes of 2015.

AB 419 (Kim) Web-Based Access to Small Business Regulations: This bill requires the Governor's Office of Business and Economic Development to establish a web-access point for small businesses seeking information about pending and current regulations affecting small businesses. Status: Pending in the Senate Committee on Business, Professions, and Economic Development, two-year bill.

AB 437 (Atkins) Small Business Research and Development Grant Program*: This bill would have allowed a qualified small business to convert into cash grants up to 10% of the value of research and development credits carried over from the 2015 and 2016 taxable years to the 2017 year, or 15% for credits generated in the 2017 to 2022 taxable years. The bill would have provided for the acceleration of the taxpayer's ability to monetize the credits. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

AB 484 (Gipson) Export Finance: This bill expands the types of financial products the Small Business Finance Center may offer to include insurance and co-insurance for the purpose of increasing small business export activities. Status: Held on Suspense in the Assembly Committee on Appropriations.

AB 525 (Holden) Franchisee Agreements*: This bill modifies the rights and responsibilities of franchisors and franchisees under the California Franchise Relations Act with respect to the termination of franchise agreements. Status: Signed by the Governor, Chapter 776, Statutes of 2015.

AB 582 (Calderon) Entrepreneur Partnership Pilot Projects: This bill calls on the Legislative Analyst and the California State Auditor to convene a work group to determine the most appropriate state agency to house a pilot program with the goal of making state government more streamlined and accessible to small businesses. Status: Pending in the Senate Rules Committee, two-year bill.

AB 667 (Wagner) Defining Professional Finders*: This bill would have defined and exempted a new category of work, referred to as a finder, from the rules associated with being a broker-dealer. A finder would have been defined as someone who introduces or refers an investor to one or more accredited investors for the sole purpose of a potential offer or sale of a security. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

AB 680 (Atkins) California Business Marketing Plan: This bill would have required the Governor's Office of Business and Economic Development to develop a plan to market the business and investment opportunities available in California. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

AB 816 (Bonta) Worker Cooperative Corporations*: This bill renames the Consumer Cooperative Corporation Law as the Cooperative Corporation Law; authorizes the creation of worker cooperatives, as specified; and increases, from \$300 to \$1,000, the maximum aggregate investment that may be made by a shareholder in shares or a member in memberships of a cooperative corporation. Status: Signed by the Governor, Chapter 192, Statutes of 2015.

AB 865 (Alejo) California Energy Commission Grants and Loans Diversity: This bill requires the California Energy Commission (CEC) to develop and implement an outreach program to inform certified businesses owned by women, minorities, disabled veterans, and gay, lesbian, bisexual, and transgender individuals of CEC workshops and funding opportunities, as specified. Status: Signed by the Governor, Chapter 583, Statutes of 2015.

AB 866 (E. Garcia) Small Business Advocate Stakeholder Groups: This bill establishes a role for California's Small Business Advocate in the state rulemaking process by requiring the Advocate to provide information about relevant small business stakeholder groups to rulemaking agencies. Status: Pending in the Senate Committee on Business, Professions, and Economic Development, two-year bill.

AB 931 (Irwin) New Hire Tax Credit*: This bill would have expanded the definition of the term "qualified full-time employee" under the new hire tax credit to include a veteran who has separated from service in the U.S. Armed Forces within the 36 months preceding commencement of employment with a qualified taxpayer. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations*

AB 1196 (E. Garcia) Commission for Economic Development: This bill updates the role of the California Commission for Economic Development, including making additions to board membership, expressly including small business issues among the Commission's focus areas, expanding the Commission's advisory role to include state participation in federal program, limiting board reimbursements, and granting greater flexibility for meetings that are exclusively held to take public and expert testimony, the process of establishing advisory committees, and for making

legislative recommendations. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

AB 1245 (Cooley) Unemployment Insurance Electronic Reporting and Funds Transfers*: This bill, beginning on January 1, 2017, requires an employer with 10 or more employees to file all reports and returns, and remit all contributions for unemployment insurance premiums to the Employment Development Department electronically, as specified. Beginning on January 1, 2018, this bill extends the application of these electronic filing requirements to all employers. This bill also authorizes the granting of a waiver from these requirements for severe hardship. In addition to any other penalties imposed under existing law for failure to timely and properly submit their reports, this bill imposes a new \$50 penalty on employers who fail to file without good cause. Status: Signed by the Governor, Chapter 222, Statutes of 2015.

AB 1348 (Irwin) Federal Economic Development Grant Opportunities: This bill authorizes the Governor's Office of Business and Economic Development to establish the position of a federal grant administrator who will serve as a single point-of-contact for information on federal grants related to business development, private sector investment, economic growth, and local government, and provides coordinating functions to manage and maximize federal grant opportunities within the state, as provided. The bill further authorizes the inclusion of federal grant and other grant opportunities on the website of the Governor's Office of Business and Economic Development. Status: Pending in Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

AB 1393 (Burke) Expansion of the Role of the California Pollution Control Financing Authority: This bill would have expanded the authority and program focus of the California Pollution Control Financing Authority from providing financial assistance related to small business development and pollution control/remediation to also include unlimited types of financial products to a new and an expansive list of public and private entities, as specified. Status: Held on Suspense in the Senate Committee on Appropriations, 2015.

AB 1471 (Perea) Update to Corporations Code*: Makes various technical, non-substantive, and clarifying changes in the Corporations Code in preparation for the Secretary of State automated filing system. Status: Signed by the Governor, Chapter 189, Statutes of 2015.

AB 1537 (JEDE) Small Business Finance Center: This bill expands reporting requirements for programs financed through the California Small Business Finance Center by including annual reporting on the general geographic location of assisted businesses. This information is essential to monitoring that small businesses throughout the state have access to these programs. Status: Signed by the Governor, Chapter 191, Statutes of 2015.

AJR 14 (Chu) Reauthorization of the U.S. Export-Import Bank: This resolution memorializes the California Legislature's support for re-authorization of the federal Export-Import Bank, which offers insurance and credit products to support U.S. companies' participation within the broader global economy. Status: Adopted by the Legislature, Resolution Chapter 84, Statutes of 2015.

SB 63 (Hall) Seaport Infrastructure Districts*: This bill authorizes cities and counties to establish Seaport Infrastructure Financing Districts and allows these districts to finance certain port or harbor facilities, as specified. Status: Signed by the Governor, Chapter 793, Statutes of 2015.

SB 189 (Hueso) Clean Energy Jobs Committee: This bill would have established the Clean Energy and Low-Carbon Economic and Jobs Growth Blue Ribbon Committee (Clean Energy Jobs Committee) for the purpose of making recommendations to state agencies on how to use climate mitigation funds to create a more inclusive economy, including business development and job creation activities. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

SB 251 (Roth) Small Business Litigation Relief*: This bill makes various changes to the law as it pertains to small businesses and construction-related accessibility claims. The bill would have also established a 10% tax credit for access-related eligible expenditures, beginning on or after January 1, 2016, and before January 1, 2023, that are in excess of \$250 but less than \$10,250. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

SB 406 (Jackson) Expansion of Family Leave*: This bill would have expanded various provisions of the law relating to unpaid family and medical leave, including expanding the type of care to include a child of a domestic partner, a sibling, grandparent, grandchild, domestic partner, or parent-in-law with a serious health condition. The bill would have also allowed parents, when employed by the same employer, to be granted up to 12 weeks of leave individually rather than between both parents, as provided under existing law. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *I support the author's efforts to ensure that eligible workers can take leave to care for a seriously ill family member. The expansion provided in this bill, however, creates a disparity between California's law and the Federal Medical Leave Act and, in certain circumstances, could require employers to provide employees up to 24 weeks of family leave in a 12 month period. I am open to legislation to allow workers to take leave for additional family members that does not create this anomaly.*

SB 540 (Hertzberg) Lifting of Tax Penalties*: This bill removes the sunset from the Franchise Tax Board's (FTB's) Advocate to remove taxpayer penalties that are the result of an error or unreasonable delay on the part of the FTB. Status: Signed by the Governor, Chapter 541, Statutes of 2015.

SB 600 (Pan) Inclusion of Immigrants under Unruh Civil Rights Act*: This bill amends the Unruh Civil Rights Act to expressly prohibit discrimination by business establishments based on citizenship, primary language, or immigration status. Status: Signed by the Governor, Chapter 282, Statutes of 2015.

Section III – Disabled Veteran Business Enterprises and Small Business Procurement

The Small Business Act, administered through the Department of General Services (DGS), was implemented more than 30 years ago to establish a small business preference within the state's procurement process that would increase the number of contracts between the state and small businesses. In 1998, a disabled veteran-owned business enterprise (DVBE) component was added. State certification of small businesses, including microbusinesses, and DVBEs is generally the responsibility of DGS.

The Small Business Act states that it is the policy of the State of California that the state aid the interests of small businesses in order to preserve free competitive enterprise and to ensure that a fair portion of the total purchases and contracts of the state be placed with these enterprises. The statute further states that DVBE participation is strongly encouraged to address the special needs of disabled veterans seeking rehabilitation and training through entrepreneurship and to recognize the sacrifices of Californians disabled during military service. Statute sets an annual 3% DVBE participation goal and a 25% goal for small and microbusinesses.

The state's success in obtaining the DVBE and small business participation has been inconsistent. Since 2001, when the first executive order set the 25% small business participation target, the state has met its goal only four times. In the most recent report on procurement, 2012-13, DGS reported that \$2 billion (22.26%) out of over \$9 billion of all state contracts were awarded to small businesses.

The 3% DVBE participation goal has been met five times including every year for past four report years: 2009-10, 2010-11, 2011-12, and 2012-13. In 2012-13, \$267 million out of a total of \$8.5 billion (3.12%) was awarded to DVBEs. The base amounts used to calculate the small business and DVBE goals vary among reporting periods because purchasing categories associated with inmates, such as inmate day labor and medical expenses, as reported by the Department of Corrections and Rehabilitation, are statutorily exempted from DVBE participation.

Over the years, the DGS has cited a variety of reasons for state agencies failing to meet the small business procurement participation goals. In its 2012-13 consolidated report, DGS states that the state's inability to meet its goals is directly related to the state's five largest contracting entity's ability to meet their target. In the report period, only one (State Hospitals) met its target, while the Department of the Health Care Services, Water Resources, Transportation, and Corrections and Rehabilitation failed.

Small business believe a significant factor in failing to meet the 25% participation goals is the increasing number of mega contracts often exceeding \$1 million in value. While once only an issue in state highway construction contracts, in the past few years, the practice of bundling small size contracts has increased. The state departments don't necessarily disagree that the use of mega-contracts has increased, but believe that larger contracts provide extra value to the state. Mega-contracts are an issue that may be appropriate for further legislative oversight. Other issues limiting small business participation include:

- Meeting minimum liquidity requirements to cover the cost of materials and staffing until the state makes its payment for services often 30 to 60 days after the services are rendered;
- Qualifying for and/or affording surety bonds and liability insurance policies that are required for public works contracting; and
- Having access to a local workforce that is trained and qualified to undertake specialized work.

DGS has also noted that many state departments and agencies have only recently begun to track and report small business participation in state contracting procurement. For example, 2005-06 was only the second year that the California State University system monitored and reported on small business contracts. The University of California does not report.

Legislation from 2015

Below is a summary of the legislation heard by, or of interest to, JEDE during 2015 relating to DVBEs and small business procurement. Legislation not heard by JEDE is marked with an *.

AB 351 (Jones-Sawyer) Small Business Participation Goal in Public Contracts: This bill would have required each state agency to establish and achieve a 25% small business procurement participation goal. Agencies that failed to meet the goal would have been required to develop and implement a corrective plan, as specified. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

AB 413 (Chavez) Extended Certifications in California Disabled Veteran Business Enterprise Program: This bill authorizes a spouse or child to enter into additional state contracts during the existing three-year designation extension period following the death or permanent disability of an owner of a certified disabled veteran-owned business enterprise. Existing law limits business activities to the completion of contracts entered into prior to death or permanent disability of the veteran owner. Status: Signed by the Governor, Chapter 513, Statutes of 2015.

AB 522 (Burke) Public Contracts for Information Technology*: This bill would have required the Director of Technology, by January 1, 2017, to develop a standardized contractor performance assessment report system to evaluate the performance of a contractor on any information technology contract or project reportable to the Department of Technology. The implementation of this system would have been used in addition to other procurement procedures when evaluating or awarding those contracts. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *While holding technology contractors accountable for their performance is important, this bill is not necessary because it duplicates what the Department of Technology is already doing.*

AB 582 (Calderon) Entrepreneur Partnership Pilot Projects: This bill calls on the Legislative Analyst and the California State Auditor to convene a work group to determine the most appropriate state agency to house a pilot program with the goal of making state government more streamlined and accessible to small businesses. Status: Pending in the Senate Rules Committee, two-year bill.

AB 865 (Alejo) California Energy Commission Grants and Loans Diversity: This bill requires the California Energy Commission (CEC) to develop and implement an outreach program to inform certified businesses owned by women, minorities, disabled veterans, and gay, lesbian, bisexual, and transgender individuals of CEC workshops and funding opportunities, as specified. Status: Signed by the Governor, Chapter 583, Statutes of 2015.

AB 1125 (Weber) State Agency Small Business Contracts: This bill would have increased the maximum financial value of an individual small business bid preference on specified state contracts from \$50,000 to \$100,000. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

AB 1218 (Weber) Reporting of Disabled Veteran Business Enterprise Participation: This bill would have made statutory changes in response to a 2014 California State Auditor Report on the state's poor implementation of the disabled veteran business enterprise targeted procurement program. Among other changes, the bill would have required more consistent monitoring and reporting of program outcomes. Status: Held on Suspense in the Senate Committee on Appropriations, 2015.

AB 1302 (Brown) Public Contracts for Disabled Veterans: This bill raised the requirement for an agency, department, officer, or other state governmental entity to meet an annual statewide participation goal of no less than 5% for disabled veteran business enterprises for specified contracts entered into by the awarding department during the year. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

SB 159 (Nielsen) Measuring the Disabled Veteran 3% Procurement Goal: This bill clarifies the metrics used to calculate the 3% state procurement participation goal for disabled veteran business enterprises. Status: Pending in the Assembly Veterans Committee, a two-year bill.

SB 762 (Wolk) Best Value Contracts*: This bill authorizes seven counties, until January 2020, to award construction contracts valued over \$1 million on the basis of best value. The bill also modifies the definition of "best value" by allowing cities and counties to use the design-build contracting method for certain public works projects. The seven counties include: Alameda, Los Angeles, Riverside, San Bernardino, San Diego, Solano, and Yuba. Status: Signed by the Governor, Chapter 627, Statutes of 2015.

Section IV – International Trade

International trade is an important component of California's \$2.3 trillion economy, supporting 4.4 million California jobs. The importance of trade to the California economy is increasing as a percentage of California jobs tied to trade more than doubled from 1992 to 2011, 10.6% v. 22.0%. Exports from California accounted for over 10.76% (\$174 billion) of total U.S. exports in goods, shipping to over 220 foreign destinations in 2014.

California's significance in the global marketplace results from a variety of factors, including: its strategic west coast location, providing direct access to the growing markets in Asia; its diverse regional economies; its large, ethnically diverse population, representing both a ready workforce and significant consumer base; its access to a wide variety of venture and other private capital; its broad base of small- and medium-sized businesses; and, its culture of innovation and entrepreneurship, particularly in the area of high technology.

California's largest industry sector by employment is Trade, Transportation, and Utilities, which encompasses everything from major retail outlets, to import-export businesses, to transportation and warehousing. California leads the nation in export-related jobs. The U.S. Department of Commerce estimates that 775,320 jobs were directly supported by the export of products in 2014, including 665,000 manufacturing jobs. Workers in trade-related jobs earn on average 13% to 28% higher wages than the national average.

California Exports and Imports

If California were a country, it would be the 31st largest exporter and the 15th largest importer in the world. Merchandise exports from California (\$174.1 billion) accounted for over 10.7% of total U.S. exports in goods, shipping to over 220 foreign destinations in 2014. California's land, sea, and air ports of entry served as key international commercial gateways for the \$577 billion in products entering and exiting the U.S. in 2014. Statewide, 4.4 million California jobs are dependent on foreign trade. Over 602,800 California workers benefit from jobs with foreign-owned firms, which accounts for 4.8% of all private sector jobs in the state.

Mexico has been California's top trading partner since 1999 and in 2014; California exported \$25.4 billion (14.5%) in goods. **Chart 8** shows export data on the state's top five trade partners, based on origin of movement. Other top-ranking export destinations not shown on the chart include Hong Kong, Taiwan, Germany, the Netherlands, and the United Kingdom.

Chart 8 - California Exports 2011 to 2014 (billions of dollars)					
	Partner	2011	2012	2013	2014
	World	159.4	161.7	168.0	174.1
1	Mexico	25.8	26.3	23.9	25.4
2	Canada	17.2	17.4	18.8	18.2
3	China	14.2	13.9	16.2	16.0
4	Japan	13.1	13.0	12.7	12.2
5	South Korea	8.4	8.2	8.3	8.5
6	Hong Kong	7.6	7.8	7.7	8.5

7	Taiwan	6.2	6.3	7.5	7.4
8	Germany	5.3	4.9	5.5	5.4
Source: International Trade Administration, accessed 4/11/2015					

California's largest industry sector by employment is Trade, Transportation, and Utilities, which encompasses everything from major retail outlets, to import-export businesses, to transportation and warehousing. California leads the nation in export-related jobs. The U.S. Department of Commerce estimates that for every one million dollars of increased trade activity, 11 new jobs are supported. Workers in trade-related jobs earn on average 13% to 28% higher wages than the national average.

In today's globally linked economy, manufacturing utilizes products from across the U.S., as well as from other nations. In 2012, 61% (\$1.3 trillion) of the products imported into the U.S. were inputs and components intended for use by American producers. In addition, U.S. imports often include components or have benefited from services provided by U.S. firms, including many California companies. The Wilson Center estimates that Mexican imports and Canadian imports contain 40% and 20% U.S. components, respectively.

More foreign products are imported through California than any other state, with \$403.4 billion imported in 2014 representing 17.2% of all U.S. imports. China is the largest source of imports into California. The 2014 value of Chinese imports was \$137.7 billion, followed by Mexico (\$41.3 billion); Japan (\$38.3 billion); and Canada (\$27.9 billion).

Foreign Investment in California

Another important component of California's trade economy is foreign investment. California receives more foreign direct investment (FDI) than any other state in the U.S., which is significant since the U.S. is the largest receiver of FDI in the world. The California economy benefits from FDI in many ways, some of which include assisting in the creation of jobs, boosting worker wages, increasing exports, bringing in new technology and skills, and generally strengthening the state's manufacturing base.

The top 5 regions with the highest foreign owned and affiliated businesses are: Gateway Cities (796 establishments), South Bay-LAX (741 establishments), San Fernando Valley (725 establishments), San Gabriel Valley (698 establishments), and West Side (415 establishments). The top 5 cities with the highest concentration of foreign owned and affiliated businesses are Los Angeles (1591 establishments), Torrance (310 establishments), Long Beach (212 establishments), Santa Monica (134 establishments), and Pasadena (127 establishments).

Leveraging Trade for Job Creation

Trade and foreign investment support new job creation, bring new technologies and skills to California workers, generate local and state revenues, and generally strengthen the state's economic base.

In the future, accessing foreign markets will be pivotal to the state's economic growth. Leveraging these opportunities, however, will require significant new investments in infrastructure and workforce development.

The federal International Trade Administration estimates that in 2012 over 602,800 California workers benefit from jobs with foreign-owned firms, which accounts for 4.8% of all private sector jobs in the state. California has had the highest level of employment in foreign-owned firms in the nation since at least 1997. According to the Business Roundtable, there are:

- 110,000 companies in California that are headquartered in Japan;

- 78,500 companies in California that are headquartered in the United Kingdom;
- 59,200 companies in California that are headquartered in France;
- 58,900 companies in California that are headquartered in Switzerland.

Along with employment, foreign-owned firms own more property, plants, and equipment in California than in any other state.

Legislation from 2015

Below is a summary of the legislation heard by, or of interest to, JEDE during 2015 relating to international trade and foreign investment in California. Legislation not heard by JEDE is marked with an *.

AB 484 (Gipson) Export Finance: This bill expands the types of financial products the Small Business Finance Center may offer to include insurance and co-insurance for the purpose of increasing small business export activities. Status: Held on Suspense in the Assembly Committee on Appropriations.

AB 680 (Atkins) California Business Marketing Plan: This bill would have required the Governor's Office of Business and Economic Development to develop a plan to market the business and investment opportunities available in California. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

AB 826 (Chau) Foreign Trade and Investment: This bill strengthens the statutory framework for Governor's Office of Business and Economic Development engagement on issues related to the attraction of foreign businesses and investments. Status: Pending in the Senate Committee on Business, Professions, and Economic Development, two-year bill.

AB 1090 (O'Donnell) Sales and Use Taxes- Reshoring Jobs: This bill increases the threshold for certain tax exemptions on gross receipts for qualified purchases from \$200 million to \$500 million for any calendar year on and after January 1, 2016, provided that \$300 million is for purchases of qualified tangible personal property that are used primarily for the purpose of reshoring or insourcing. The bill defines reshoring and insourcing to mean the relocation of a whole process, a piece of a process, a function, or a discrete piece of work from currently outside the boundaries of the U.S. to inside the boundaries of the state, regardless as to whether the work is moved to within or outside the boundaries of the company. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

AB 1196 (E. Garcia) Commission for Economic Development: This bill updates the role of the California Commission for Economic Development, including making additions to board membership, expanding the Commissions advisory role to include state participation in federal program, limiting board reimbursements, and granting greater flexibility for meetings that are exclusively held to take public and expert testimony, the process of establishing advisory committees, and for making legislative recommendations. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

AB 1348 (Irwin) Federal Economic Development Grant Opportunities: This bill authorizes the Governor's Office of Business and Economic Development to establish the position of a federal grant

administrator who will serve as a single point-of-contact for information on federal grants related to business development, private sector investment, economic growth, and local government, and provides coordinating functions to manage and maximize federal grant opportunities within the state, as provided. The bill further authorizes the inclusion of federal grant and other grant opportunities on the website of the Governor's Office of Business and Economic Development. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

AB 1444 (E. Garcia) Foreign Trade Zones: This bill updates California's 1946 law relating to establishment and operation of federally designated foreign trade zones within the state's boundaries. Status: Pending in the Senate Business, Professions, and Economic Development Committee, two-year bill.

AB 1533 (JEDE) Infrastructure and Economic Development Bank Omnibus Bill: This bill updates definitions used by the California Infrastructure and Economic Development Bank when authorizing financing of infrastructure projects and economic development-related facilities. Further, the bill codifies the transfer of federal funds and grantee status from the Governor's Office of Business and Economic Development to the Valley Economic Development Center, Inc., as specified. Status: Signed by the Governor, Chapter 383, Statutes of 2015.

AB 1537 (JEDE) Small Business Finance Center: This bill expands reporting requirements for programs financed through the California Small Business Finance Center by including annual reporting on the general geographic location of assisted businesses. Among other eligible activities, the Center may provide export finance assistance. This information is essential to monitoring that small businesses throughout the state have access to these programs. Status: Signed by the Governor, Chapter 191, Statutes of 2015.

ACR 66 (Bonta) Filipino American History Month*: This resolution recognizes October 2015 as Filipino American History Month and the 428th anniversary of the first presence of Filipinos in the continental U.S. Status: Adopted by the Legislature, Resolution 170, Statutes of 2015.

AJR 14 (Chu) Reauthorization of the U.S. Export-Import Bank: This resolution memorializes the California Legislature's support for re-authorization of the federal Export-Import Bank, which offers insurance and credit products to support U.S. companies' participation within the broader global economy. Status: Adopted by the Legislature, Resolution Chapter 84, Statutes of 2015.

HR 5 (C. Garcia) Mexico and Human Rights: This resolution memorializes the Assembly's condemnation of the September 2014 disappearance and death of the 43 college students from Iguala, Mexico. Status: Adopted by the Assembly, 2015.

SB 63 (Hall) Seaport Infrastructure Districts*: This bill authorizes cities and counties to establish Seaport Infrastructure Financing Districts and allows these districts to finance certain port or harbor facilities, as specified. Status: Signed by the Governor, Chapter 793, Statutes of 2015.

SB 249 (Hueso) Enhanced Drivers Licenses*: This bill would have authorized the Department of Motor vehicles to issue enhanced driver's licenses that are deemed to be appropriate proof of identify for the purpose of expediting border crossings. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *This bill authorizes the Department of Motor Vehicles to enter into a memorandum of understanding with the U.S. Department of Homeland Security, allowing the department to issue*

"enhanced" driver's licenses, provisional licenses and identification cards. While I support the purpose of this bill to allow easier passage across certain borders within the Western Hemisphere, I believe that there are other means, such as the U.S. Passport Card, that achieve the same goal without imposing new burdens on the Department of Motor Vehicles.

SB 600 (Pan) Inclusion of Immigrants under Unruh Civil Rights Act*: This bill amends the Unruh Civil Rights Act to expressly prohibit discrimination by business establishments based on citizenship, primary language, or immigration status. Status: Signed by the Governor, Chapter 282, Statutes of 2015.

SB 623 (Lara) Right of Undocumented Workers to Worker's Compensation*: This bill expressly overrules regulations, which are contrary to current statute, stating undocumented workers are not eligible for certain workers' compensation benefits. Status: Signed by the Governor, Chapter 290, Statutes of 2015.

SCR 6 (Monning) California Sister State Agreement with Santa Fé, Argentina: This resolution memorializes the Legislature's desire to commit to formalizing of a sister state relationship between California and the Province of Santa Fé, Argentina. Status: Adopted by the Legislature, Resolution 91, Statutes of 2015.

SCR 25 (Block) Israel Memorandum of Understanding (MOU): This resolution memorializes the Legislature's support for the purposes of the 2014 MOU between California and the State of Israel, including provisions related to economic development, business assistance, and international trade. Status: Adopted by the Legislature, Resolution 127, Statutes of 2015.

SCR 55 (Pan) Commemoration of Locke, California*: This resolution memorializes the Legislature recognition of Locke, California, as the last remaining Chinatown in North America, and commemorates the centennial of its founding by urging all Californians to learn about the important history of Locke and its inhabitants. Status: Adopted by the Legislature, Resolution 142, Statutes of 2015.

Section V – Regulatory Reform

Small businesses form the core of California's \$2.3 trillion economy. Research shows that net new job creation is strongest among businesses with less than 20 employees, that small businesses have historically led the state's local and regional economies out of recessions, and that these businesses are essential to the state's global competitiveness by meeting niche industry needs. Reflective of their important role, the JEDE Committee Members have repeatedly voted to support legislation designed to help the state achieve a regulatory environment that encourages small businesses development, while still maintaining public health and safety standards.

Cost of Regulations on Business

There are two major sources of data on the cost of regulatory compliance on businesses, the federal SBA and the Office of the Small Business Advocate (OSBA). For the last 10 years, the federal SBA has conducted a peer reviewed study that analyzes the cost of federal government regulations on different size businesses. This research shows that small businesses continue to bear a disproportionate share of the federal regulatory burden. On a per employee basis, it costs about \$2,400, or 45%, more for small firms to comply with federal regulations than their larger counterparts.

The first study on the impact of California regulations on small businesses was released by the OSBA in 2009. This first in-the-nation study found that the total cost of regulations to small businesses averaged about \$134,000 per business in 2007. Of course, no one would advocate that there should be no regulations in the state. The report, however, importantly identifies that the cost of regulations can provide a significant cost to the everyday operations of California businesses.

Regulatory costs are driven by a number of factors including multiple definitions of small business in state and federal law, the lack of e-commerce solutions to address outdated paperwork requirements, procurement requirements that favor larger size bidders, and lack of technical assistance to alleviate these obstacles that inhibit small business success.

State and Federal Advocacy for Regulatory Flexibility

In 1976, the federal government established the Office of Advocacy (FAO) within the federal Small Business Administration. The purpose of the FAO is to "protect, strengthen and effectively represent the nation's small businesses within the federal government's legislative and rule-making processes."

Among its duties, the FAO reviews federal regulations and makes recommendations on how to reduce the burden on small firms and maximize small business participation with the federal government. In 2013, the FAO issued 19 letters to federal agencies requesting alternative implementation methods and encouraging better technical review of proposed regulations. In addition, the FAO develops a fact sheet summarizing key points in each FAO letter, which can be used in future regulatory flexibility discussions by the rule making entity.

Another activity of the FAO is the convening of issue-specific Small Business Advocacy Review Panels. Utilizing the FAO as a facilitator has proven to be particularly useful in developing more detailed comments and making specific and technical recommendations to assist the rulemaking

entity in modifying a rule to lessen its impact on small businesses, without necessarily reducing its policy objective.

While California has an Office of the Small Business Advocate, the state advocate does not currently have the staff, nor the directed statutory mission, to formally comment on pending state regulations. On a case by case basis, the Governor's Office of Business and Economic Development is able to engage with other state agencies on state regulatory proposals through its Office of Permit Assistance, but again, state statutory direction is permissive and not mandatory.

Adoption of New Rules

Another important component of the federal small business framework is the Regulatory Flexibility Act of 1980, which is designed to provide a process for assessing and mitigating the potential impact of federal regulations on small businesses. The process includes the publication of a regulatory agenda, an initial and final regulatory flexibility analysis, and a mandatory periodic review of the rules. In 1996, a judicial review of regulations was added to the federal Small Business Regulatory Enforcement Fairness Act.

Adopted over a series of years, California law currently has several but not all of the key elements of the federal regulatory flexibility model. As an example, existing state law sets forth an extensive process for the development and adoption of regulations, including requiring the identification of potential adverse impacts on small businesses and individuals. California law further states that the purpose of the rulemaking process is to avoid the imposition of unreasonable and unnecessary regulations or compliance requirements. Businesses, however, have repeatedly testified before legislative committees that they believe that California's regulatory process is expensive, overly burdensome, and that agencies do not consistently apply state rulemaking laws. Perhaps most importantly, businesses have stated that the same policy objectives could be achieved in a less laborious manner.

Given these challenges, regulatory reform continues to be a major topic of Legislation. The last major program improvement was enacted in through SB 617 (Calderon), Chapter 496, Statutes of 2011, which required an enhanced economic impact analysis for regulations anticipated to have an impact of \$50 million or more. The SB 617 process follows the federal regulatory model, however, the process is silent as to the assessment of costs based on size of business.

Legislation from 2015

The Legislature considered a number of bills related to regulatory reforms during this past legislative session. Below is a summary of the legislation heard by, or of interest to, JEDE during 2015 relating to regulatory reform. Legislation not heard by JEDE is marked with an *.

AB 12 (Cooley) State Government Administrative Review*: This bill would have required state agencies and departments to review, adopt, amend, or repeal any applicable regulations that are duplicative, overlapping, inconsistent, or out of date, as part of a “look-back mechanism” during a two-year window. Status: Held on Suspense in the Senate Committee on Appropriations, 2015.

AB 19 (Chang) Review of Regulations by the Governor's Office of Business and Economic Development: This bill would have required the Governor's Office of Business and Economic

Development, in consultation with state Small Business Advocate, to review regulations affecting small businesses for the purpose of determining whether there is an alternative implementation method that is less burdensome or costly to small business, while still meeting the same policy objectives. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

AB 154 (Ting) Tax Conformity*: This bill modifies state tax law to be in greater conformance with federal law, as specified. Status: Signed by the Governor, Chapter 359, Statutes of 2015.

AB 184 (E. Garcia) Small Business Technical Assistance Act of 2015: This bill would have designated the Governor's Office of Business and Economic Development as the lead state entity for overseeing the state's participation and collaboration with the federal small business technical assistance programs. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

AB 251 (Levine) Subsidies for Public Works*: This bill would have provided a statutory definition for a “de minimis” public subsidy that does not trigger the requirements of prevailing wage law. Specifically, this bill defines “de minimis” to mean a public subsidy that is (a) less than \$250,000 or less than 2% of the total project cost and (b) will not apply to a project that was advertised for bid, or a contract that was awarded, before July 1, 2016. Status: Vetoed by the Governor, 2015. Governor’s Veto Message: *Longstanding practice has been to view the subsidy in context of the project and use 2% as a general threshold for determinations. There has been no showing that the current practice is unreasonable. While I remain a staunch supporter of prevailing wages I am concerned that this measure is too restrictive and may have unintended consequences. Two years ago, I cited the same concerns when I returned a similar bill without my signature. This measure does not adequately address those concerns.*

AB 357 (Chiu) Food and Retail Employee Work Schedules*: This bill establishes the Fair Scheduling Act of 2015, which requires a "food and general retail establishment" to provide its employees with at least two weeks' notice of their work schedules. The provisions of the bill apply to specified retail and food stores with more than 500 employees in the state and having 10 or more establishments. Status: Pending on the Assembly Inactive File, 2015.

AB 419 (Kim) Web-Based Access to Small Business Regulations: This bill requires the Governor's Office of Business and Economic Development to establish a web-access point for small businesses seeking information about pending and current regulations affecting small businesses. Status: Pending in the Senate Committee on Business, Professions, and Economic Development, two-year bill.

AB 498 (Levine) Wildlife Corridors*: This bill provides that it is the policy of the state to encourage, wherever feasible and practical, voluntary steps to protect the functioning of wildlife corridors. Status: Signed by the Governor, Chapter 625, Statutes of 2015.

AB 582 (Calderon) Entrepreneur Partnership Pilot Projects: This bill calls on the Legislative Analyst and the California State Auditor to convene a work group to determine the most appropriate state agency to house a pilot program with the goal of making state government more streamlined and accessible to small businesses. Status: Pending in the Senate Rules Committee, two-year bill.

AB 667 (Wagner) Defining Professional Finders*: This bill would have defined and exempted a new category of work, referred to as a finder, from the rules associated with being a broker-dealer. A finder would have been defined as someone who introduces or refers an investor to one or more accredited investors for the sole purpose of a potential offer or sale of a security. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

AB 1196 (E. Garcia) Commission for Economic Development: This bill updates the role of the California Commission for Economic Development, including making additions to board membership, expanding the Commissions advisory role to include state participation in federal program, limiting board reimbursements, and granting greater flexibility for meetings that are exclusively held to take public and expert testimony, the process of establishing advisory committees, and for making legislative recommendations. Status: Pending in Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

AB 1245 (Cooley) Unemployment Insurance Electronic Reporting and Funds Transfers*: This bill, beginning on January 1, 2017, requires an employer with 10 or more employees to file all reports and returns, and remit all contributions for unemployment insurance premiums to the Employment Development Department electronically, as specified. Beginning on January 1, 2018, this bill extends the application of these electronic filing requirements to all employers. This bill also authorizes the granting of a waiver from these requirements for severe hardship. In addition to any other penalties imposed under existing law for failure to timely and properly submit their reports, this bill imposes a new \$50 penalty on employers who fail to file without good cause. Status: Signed by the Governor, Chapter 222, Statutes of 2015.

AB 1286 (Mayes) California Regulatory Reform Council: This bill establishes the California Regulatory Reform Council (Council) for the purpose of analyzing the holistic impact of all levels of state and local regulations on specific industries operating within the state. Status: Pending in the Assembly Committee on Appropriations, two-year bill.

SB 3 (Leno) Minimum Wage Increase*: This bill increases the minimum wage from \$10 to \$11 per hour starting January 1, 2016 and \$13 per hour starting July 1, 2017. Beginning in January 1, 2019, this bill requires the minimum wage to be increased annually based on inflation as measured by the California Consumer Price Index. Status: Pending in the Assembly Committee on Appropriations, 2015.

SB 32 (Pavley) Greenhouse Gas Emission Reductions*: This bill requires the Air Resources Board to approve a statewide greenhouse gas reduction target equivalent to 40% below the 1990 level by 2030 and 80% below by 2050. Status: Pending in the Assembly Committee on Natural Resources.

SB 250 (Roth) CAL FIRE Accessibility Standards*: This bill would have extended the time period from 30 to 60 days, following the Board of Equalization's assessment, for a property owner to remit a specified fire prevention fee. The bill would have also authorized a property owner to request a redetermination of the assessment from CAL FIRE and provided that the payment of the fee be made following the redetermination. Status: Held under Submission in the Senate Committee on Appropriations, 2015.

SB 251 (Roth) Small Business Litigation Relief*: This bill makes various changes to the law as it pertains to small businesses and construction-related accessibility claims. The bill would have also

established a 10% tax credit for access-related eligible expenditures, beginning on or after January 1, 2016, and before January 1, 2023, that are in excess of \$250 but less than \$10,250. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

SB 348 (Galgiani) Sunset Extension for CEQA Railroad Exemption*: This bill extends the California Environmental Quality Act exemption for the closure of a railroad grade crossing found to present a threat to public safety and ordered by the Public Utilities Commission from January 1, 2016 to January 1, 2019. Additionally, this bill requires a state or local agency claiming the exemption to file notice with the Office of Planning and Research. Status: Signed by the Governor, Chapter 143, Statutes of 2015.

SB 406 (Jackson) Expansion of Family Leave*: This bill would have expanded various provisions of the law relating to unpaid family and medical leave, including expanding the type of care to include a child of a domestic partner, a sibling, grandparent, grandchild, domestic partner, or parent-in-law with a serious health condition. The bill would have also allowed parents, when employed by the same employer, to be granted up to 12 weeks of leave individually rather than between both parents, as provided under existing law. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *I support the author's efforts to ensure that eligible workers can take leave to care for a seriously ill family member. The expansion provided in this bill, however, creates a disparity between California's law and the Federal Medical Leave Act and, in certain circumstances, could require employers to provide employees up to 24 weeks of family leave in a 12 month period. I am open to legislation to allow workers to take leave for additional family members that does not create this anomaly.*

SB 540 (Hertzberg) Lifting of Tax Penalties*: This bill removes the sunset from the Franchise Tax Board's (FTB's) Advocate to remove taxpayer penalties that are the result of an error or unreasonable delay on the part of the FTB. Status: Signed by the Governor, Chapter 541, Statutes of 2015.

SB 734 (De León) Public Comment on Regulations*: This bill requires the Natural Resources Agency to allow at least 30 days for public comment regarding proposed state land acquisitions, including easements. Status: Pending on the Assembly Inactive File, 2015.

Section VI – Workforce Development

As California continues to transition from the recession, businesses and workers face an economy that is comprised of more highly integrated industry sectors that are also more geographically dispersed. Advances in technology and processes are occurring more rapidly. Competitiveness is increasingly defined in terms of speed, flexibility, specialization, and innovation. These changes are placing new challenges on California's training and workforce system.

Economists have identified eight key trends that are significantly influencing the U.S. and global economies. Several of these trends will have significant impacts on workforce development, in particular.

The rise of smaller businesses is one of these trends. Due to their ability to provide innovative technologies and help other businesses access global markets, small businesses, and the entrepreneurs that lead them are vital economic players. Recent data released from the U.S. Census shows how entrepreneurship is continuing to be an important avenue for social mobility for women and individuals of color. These small and adaptable businesses will have an inherent advantage in the Next Economy, provided they are able to learn the skill sets necessary to run a successful business and have access to appropriately trained workers.

Another key economic trend is the rising importance of regional economies as one of the primary drivers of economic growth. The economic foundation of many strong regional economies are innovation-based industry clusters which have the ability to support high-paying jobs, lucrative career ladders, and longer term job stability.

	Key Economic Trends Affecting the California Economy
1	Cities and regions will become more dominant economic players.
2	Global networks will be supported through more advanced information and transportation technologies.
3	Barriers to trade will continue to decline among both developed and emerging economies.
4	The world's largest companies will increasingly be headquartered in emerging foreign markets.
5	Global and more diversified markets will provide new opportunities for entrepreneurs and smaller size businesses.
6	Scarcity and rising prices will increase pressure on the development and deployment of cleaner technologies.
7	The retirement of Boomers will place an even greater need for middle- and high-skilled workers.
8	The U.S workforce will be smaller, more ethnically diversified, and have educational backgrounds that are lower than many other developed economies.

Economic researchers have shown that industry clusters rise in areas where local universities, research labs, and competing businesses within the same industry provide a critical mass of skilled workers in the same industry. Though the economic composition of regions may differ in California, each region has strengths and weaknesses. Implementation of the federal **Workforce Innovation and Opportunity Act of 2014** will offer California a unique opportunity to identify regionally significant emerging and dominant industries and bring together business, education, and training stakeholders to collaboratively align policies and resources.

Other significant components of WIOA and California's implementation include a focus on small business development, apprenticeships and other earn-and-learn strategies, and the development of career pathways that provide workers with economic security and career advancement. The **Employment Training Panel** (ETP) is already modifying some of its program and creating new initiatives to support the implementation of WIOA. The ETP Board recently approved the "No Barriers" initiative which authorizes greater program flexibility to encourage employers to train disabled workers for a higher skilled job within their organization.

The WIOA process will also be advantaged by the extensive outreach and collaboration efforts of the California Community College's **Task Force of Workforce, Job Creation and a Strong Economy** and **the *Doing What Matters for Jobs*** policy framework. The goal of the Task Force is to increase individual and regional economic competitiveness by providing relevant skills and quality credentials that match employer needs. The work of the Task Force will be the subject of the November 17, 2015, meeting of the California Community College Board of Governors. In March, the JEDE Committee had an extended presentation on the *Doing What Matters for Jobs* policy framework and the preliminary findings of the Task Force.

Advances in information technology and pressures to have more environmentally sensitive products that address consumer preferences will also influence the basic education and training needs of California workers. Even entry-level workers will be expected to have important soft skills, such as the ability to work in teams, actively listen, communicate effectively with co-workers and bosses, and be able to negotiate workplace needs in a positive manner. Unlike hard skills, which are about a person's ability to perform a certain task or activity, soft skills provide the tools necessary to learn and advance in the state's continually evolving workplace environment.

Many of these new market realities are already coming to fruition and, for now, California's workforce is underprepared to meet these demands. There are still numerous unemployed and underemployed workers in California, while, at the same time, there are industries that are unable to find qualified workers to fill empty positions. Strong early education programs, career technology pathways, accessible higher education, and effective and timely workforce development programs are key to equipping California workers with the skillsets that are in demand.

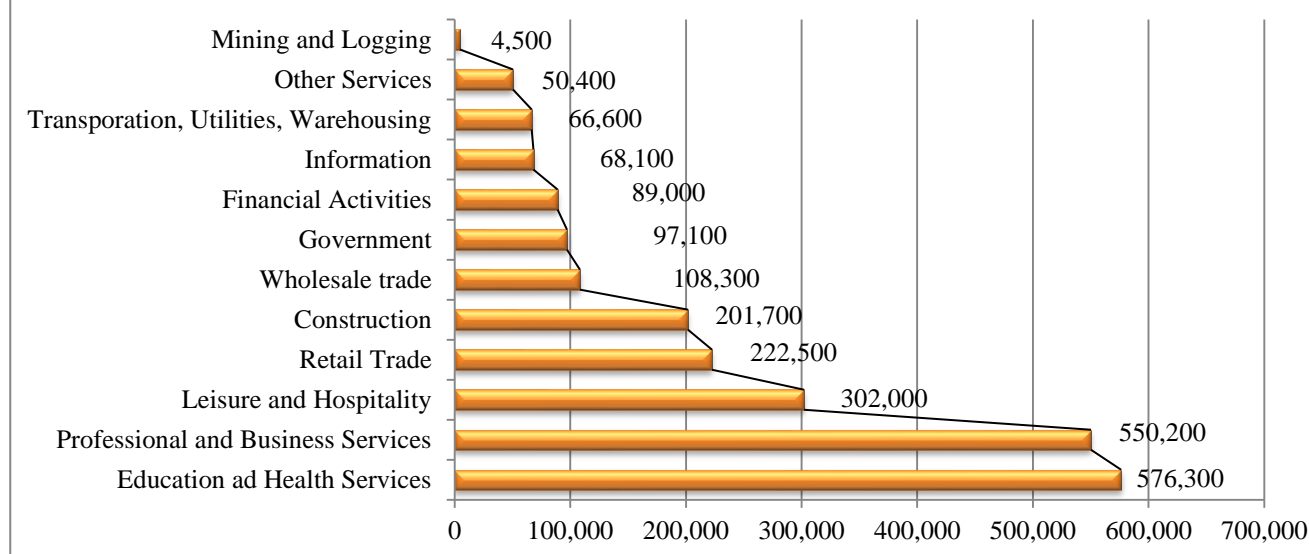
California's Future Economic Growth and External Markets

EDD's ten-year forecast cites the state's continued population growth and the rise of foreign imports and exports to be key contributors to the state's long-term job growth. Employment in California is forecasted to expand to over 18 million jobs by 2018, which includes the recovery of the 1.1 million jobs lost during the recession. While these new jobs are a welcome development, they also pose a new challenge. A recent report by the Little Hoover Commission (LHC) forecasts that California's workforce will be underqualified to meet the needs of the state's future economy. Based on current student enrollment numbers for certificates and degrees, the deficit of qualified workers will grow to 2.3 million by 2025. In response to this finding, the LHC recommends the development of a new master plan for higher education with the overriding goal of increasing the number of Californians with degrees, certificates, and diplomas to meet the state's future needs.

Chart 9 on the following page, displays projected job growth by industry sectors for the period of 2012 to 2022. As discussed in more detail below, future growth of the California economy is highly linked to the state's adaptation to globalization, including the state's ability to link goods and services across state and regional boundaries, as well as to prepare a rapidly changing workforce for the 21st Century economy.

The Employment Development Department's (EDD's) 2012 to 2022 forecast estimates that California's labor force employment will reach 18.7 million, including self-employment, unpaid family workers, private household workers and farm and nonfarm workers. This estimate represents a 14.9% increase over the 10 year period with an additional 2,296,700 being added to nonfarm

Chart 9 - Projected Job Growth - Industry Sector 2012-2022



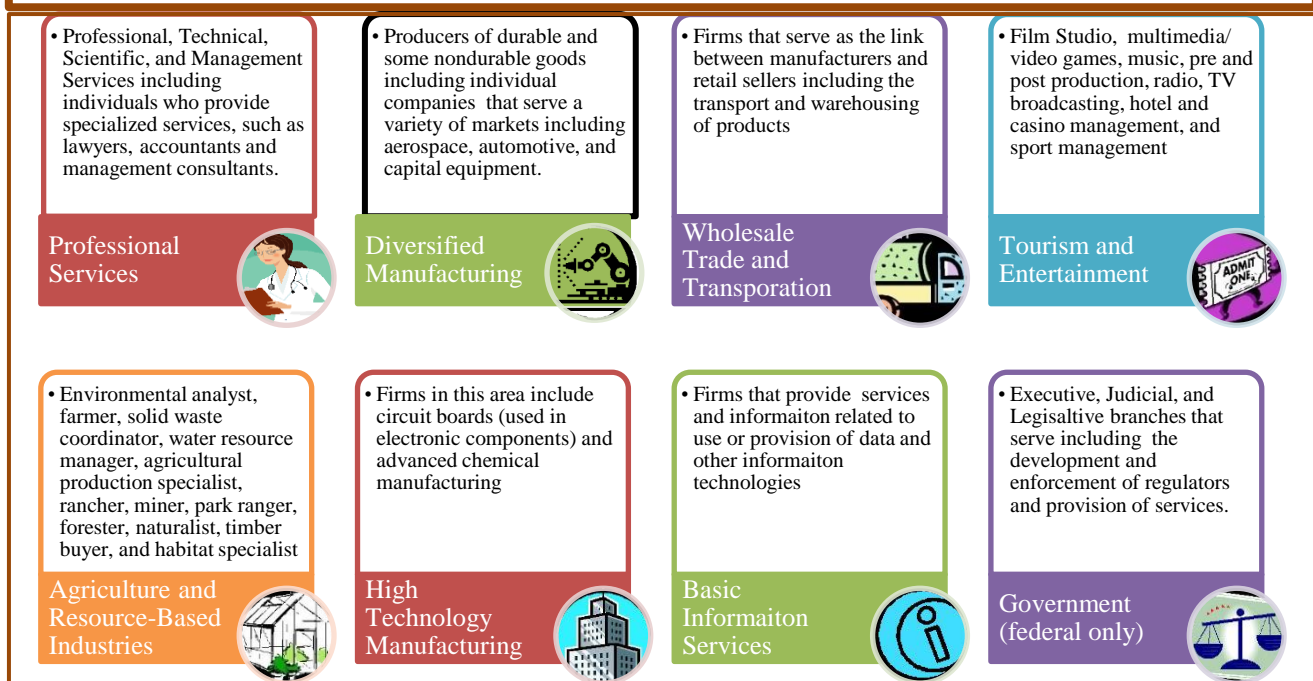
employment. As shown in **Chart 9**, 72% of the increase in jobs is expected in four industry sectors: education and health care services; professional and business services; leisure and hospitality; and retail trade.

As illustrated in the prior charts, job growth is not necessarily the same as economic growth. For the purposes of developing and analyzing economic growth and competitiveness strategies, the EDD assesses the California economy and divides the state's top 11 industry sectors (shown on **Charts 1 and 2**) into those that have internal population-driven markets and those that have large external markets that can be accessed through some form of trade in goods or services.

As an example, some industry sectors, such as Health and Education, are primarily driven by local market needs, while other industry sectors, such as Manufacturing, typically have high levels of engagement within external markets. Providing a good or service that is attractive to external markets means a broader consumer base, as well as having greater location flexibility. EDD considers these trade-related industries as California's economic base industries.

Each of California's eight base industry sectors are described in **Chart 10** on the following page with examples of the types of businesses that comprise the sector. This information is used for many purposes by the state, including the development of the state Workforce Development Strategy, which is prepared by the California Workforce Development Board and submitted to the federal Department of Labor for the purpose of drawing down federal Workforce Innovation and Opportunity Act funds. Some regions, including Los Angeles and San Diego, have begun to develop specific economic development strategies that leverage these trade-related industry sectors that are especially attractive to external markets.

Chart 10 – California Economic Base Industries



According to EDD, the state's ability to attract and retain businesses within these eight trade-related industries will largely determine California's economic growth relative to other states. Today, these eight economic base industries employ 37.3% of the state's total employment. Future growth within these industries is expected to be twice that of the overall state economy.

Legislation from 2015

Below is a summary of the legislation heard by, or of interest to, JEDE during 2015 relating to workforce development. Legislation not heard by JEDE is marked with an *.

AB 80 (Campos) Interagency Task Force on the Status of Boys and Men*: This bill would have established a 20-member Interagency Task Force on the Status of Boys and Men of Color. Issues to be addressed by the Task Force would include, but not be limited to, employment and wealth creation, health and safety, education, and juvenile justice. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *How state policy can be tailored to promote the well-being of boys and men of color is profoundly important. These issues, however, are best addressed through concrete actions, not another non-binding commission. The Legislature and the Administration are working on the critical issues raised by this bill, such as the Local Control Funding Formula, healthcare expansion and criminal justice reform. Much more can be done, and I am committed to advancing this work.*

AB 288 (Holden) College and Career Pathways*: This bill authorizes the governing board of a community college district to enter into a College and Career Access Pathways (CCAP) partnership with the governing board of a school district within its immediate service area, as specified, to offer or expand dual enrollment opportunities for students who may not already be college bound or who are underrepresented in higher education. The goal of the agreements is to develop seamless pathways for students from high school to community college for career-technical education or

preparation for transfer, improve high school graduation rates, or help high school pupils achieve college and career readiness. The bill includes specific conditions which must be met prior to the adoption of such an agreement. The authority in this measure sunsets on January 1, 2022. Status: Signed by the Governor, Chapter 618, Statutes of 2015.

AB 816 (Bonta) Worker Cooperative Corporations*: This bill renames the Consumer Cooperative Corporation Law as the Cooperative Corporation Law; authorizes the creation of worker cooperatives, as specified; and increases, from \$300 to \$1,000, the maximum aggregate investment that may be made by a shareholder in shares or a member in memberships of a cooperative corporation. Status: Signed by the Governor, Chapter 192, Statutes of 2015.

AB 865 (Alejo) California Energy Commission Grants and Loans Diversity: This bill requires the California Energy Commission (CEC) to develop and implement an outreach program to inform certified businesses owned by women, minorities, disabled veterans, and gay, lesbian, bisexual, and transgender individuals of CEC workshops and funding opportunities, as specified. Status: Signed by the Governor, Chapter 583, Statutes of 2015.

AB 931 (Irwin) New Hire Tax Credit*: This bill would have expanded the definition of the term "qualified full-time employee" under the new hire tax credit to include a veteran who has separated from service in the U.S. Armed Forces within the 36 months preceding commencement of employment with a qualified taxpayer. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

AB 968 (Williams) Student Transcripts*: This bill would have required public and private educational institutions to indicate on a school transcript when a student has been suspended or expelled. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *Colleges currently have the ability to make a notation if a student is suspended or expelled, and community colleges already may deny or conditionally admit a student who has previously been expelled or is under expulsion proceedings. If further protection is needed to screen transfer applications, which is something best left to individual colleges themselves. Campus safety is a serious issue - one that has received much attention and led to several changes in law and policy. Increased vigilance may still be necessary, but I would caution against overcorrections that could result in some individuals being marked for the rest of their lives. While the desire to provide students with safe campuses is well-intentioned, I am not prepared to support this mandate.*

AB 1058 (Atkins) Second Chance Program*: This bill establishes the Second Chance Program under the administrative direction of the Department of Corrections for the purpose of investing in community-based programs, services, and initiatives for formerly incarcerated individuals in need of mental health and substance use treatment services. The grant program will be funded through the savings resulting from the implementation of Proposition 47, the Safe Neighborhoods and Schools Act of 2014, and other specified sources. The bill also extends the sunset on the Social Innovation Financing Program until 2022. Status: Signed by the Governor, Chapter 748, Statutes of 2015.

AB 1090 (O'Donnell) Sales and Use Taxes- Reshoring Jobs: This bill increases the threshold for certain tax exemptions on gross receipts for qualified purchases from \$200 million to \$500 million for any calendar year on and after January 1, 2016, provided that \$300 million is for purchases of qualified tangible personal property that are used primarily for the purpose of reshoring or insourcing. The bill defines reshoring and insourcing to mean the relocation of a whole process, a piece of a process, a function, or a discrete piece of work from currently outside the boundaries of the U.S. to inside the boundaries of the state, regardless as to whether the work is moved to within or outside the boundaries of the company. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

AB 1093 (E. Garcia) Supervised Population Workforce Training Grant Program: This bill expedites the allocation of funding under the existing Supervised Population Workforce Training Grant Program, which is administered through the California Workforce Development Board. Status: Signed by the Governor, Chapter 220, Statutes of 2015. In addition, \$1.5 million was authorized in 2015-16 Budget for additional funding rounds.

AB 1196 (E. Garcia) Commission for Economic Development: This bill updates the role of the California Commission for Economic Development, including making additions to board membership, expanding the Commissions advisory role to include state participation in federal programs, limiting board reimbursements, and granting greater flexibility for meetings that are exclusively held to take public and expert testimony, the process of establishing advisory committees, and for making legislative recommendations. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy, two year bill.

AB 1270 (E. Garcia) California Workforce Innovation and Opportunity Act: This bill aligns California statute with the new requirements of the federal Workforce Innovation and Opportunity Act of 2014. The bill sets the foundation for policy changes in 2016 through SB 45 (Mendoza). Status: Signed by the Governor, Chapter 94, Statutes of 2015.

ACR 66 (Bonta) Filipino American History Month*: This resolution recognizes October 2015 as Filipino American History Month and the 428th anniversary of the first presence of Filipinos in the continental U.S. Status: Adopted by the Legislature, Resolution 170, Statutes of 2015.

ACR 92 (Gipson) Commemoration of the 50th Anniversary of the Watts Revolt*: The resolution memorializes the California Legislature's recognition of the 50th Anniversary of the Watts Revolt and commitment to promoting local and statewide solutions to address disparities in housing, education, employment, healthcare, and law enforcement. This resolution also recognizes historic efforts that have sought to improve the condition of the impacted communities. Status: Adopted by the Assembly, Resolution Chapter 188, Statutes of 2015.

AJR 13 (Ridley-Thomas) 50th Anniversary of the 1965 Voting Rights Act*: The resolution memorializes the California Legislature's recognition of August 6, 2015, as the 50th anniversary of the signing of the federal Voting Rights Act of 1965 and urges the U.S. Congress and President to continue to secure every citizens' right to vote and to remedy racial discrimination in U.S. voting practices. Status: Adopted by the Legislature, Resolution Chapter 193, Statutes of 2015.

SB 3 (Leno) Minimum Wage Increase*: This bill increases the minimum wage from \$10 to \$11 per hour starting January 1, 2016 and \$13 per hour starting July 1, 2017. Beginning in January 1, 2019, this bill requires the minimum wage to be increased annually based on inflation as measured by the California Consumer Price Index. Status: Pending in the Assembly Committee on Appropriations, 2015.

SB 32 (Pavley) Greenhouse Gas Emission Reductions*: This bill requires the Air Resources Board to approve a statewide greenhouse gas reduction target equivalent to 40% below the 1990 level by 2030 and 80% below by 2050. Status: Pending in the Assembly Committee on Natural Resources..

SB 42 (Liu) Higher Education Accountability*: This bill would have established the Office of Higher Education Performance and Accountability to provide statewide postsecondary education planning and coordination, as specified. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *The call to improve postsecondary educational outcomes is laudable. The goals established by SB 195 in 2013 - improving access and success, aligning degrees and credentials with the state's economic, workforce and civic needs, and ensuring the effective and efficient use of resources - are still important measures that should guide us in developing higher education policies for the state. While there is much work to be done to improve higher education, I am not convinced we need a new office and an advisory board, especially of the kind this bill proposes, to get the job done.*

SB 172 (Liu) High School Exit Exam*: This bill suspends the exit exam requirement for receiving a high school diploma. The suspension applies in school year 2015-16 through 2017-18. Status: Signed by the Governor, Chapter 572, Statutes of 2015.

SB 189 (Hueso) Clean Energy Jobs Committee: This bill would have established the Clean Energy and Low-Carbon Economic and Jobs Growth Blue Ribbon Committee (Clean Energy Jobs Committee) for the purpose of making recommendations to state agencies on how to use climate mitigation funds to create a more inclusive economy, including business development and job creation activities. Status: Held on Suspense in the Assembly Committee on Appropriations, 2015.

SB 376 (Lara) Compensation of Employees under UC Contracts*: This bill requires bidders on specified University of California contracts to certify that their employees' total compensation is not at a level that undercuts UC employees' compensation. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *Without a doubt, these are all serious matters to consider, and they reflect the difficulty in balancing things we commonly value, such as increasing the wages of low-income workers and keeping operational costs down. It's worth noting that the University of California recently responded to criticisms of its wage and contracting practices with a plan to incrementally increase its minimum wage for both employees and contract workers, and a pledge to better oversee contracts generally. The effort to provide increased compensation to those who work for UC - either directly or on a contract basis - is well-intentioned, but I'm not prepared to embrace the provisions of this bill.*

SB 406 (Jackson) Expansion of Family Leave*: This bill would have expanded various provisions of the law relating to unpaid family and medical leave, including expanding the type of care to include a child of a domestic partner, a sibling, grandparent, grandchild, domestic partner, or parent-in-law with a serious health condition. The bill would have also allowed parents, when employed by the same employer, to be granted up to 12 weeks of leave individually rather than between both

parents, as provided under existing law. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *I support the author's efforts to ensure that eligible workers can take leave to care for a seriously ill family member. The expansion provided in this bill, however, creates a disparity between California's law and the Federal Medical Leave Act and, in certain circumstances, could require employers to provide employees up to 24 weeks of family leave in a 12 month period. I am open to legislation to allow workers to take leave for additional family members that does not create this anomaly.*

SB 600 (Pan) Inclusion of Immigrants under Unruh Civil Rights Act*: This bill amends the Unruh Civil Rights Act to expressly prohibit discrimination by business establishments based on citizenship, primary language, or immigration status. Status: Signed by the Governor, Chapter 282, Statutes of 2015.

SB 623 (Lara) Right of Undocumented Workers to Worker's Compensation*: This bill expressly overrules regulations, which are contrary to current statute, stating undocumented workers are not eligible for certain workers' compensation benefits. Status: Signed by the Governor, Chapter 290, Statutes of 2015.

SCR 55 (Pan) Commemoration of Locke, California*: This resolution memorializes the Legislature recognition of Locke, California, as the last remaining Chinatown in North America, and commemorates the centennial of its founding by urging all Californians to learn about the important history of Locke and its inhabitants. Status: Adopted by the Legislature, Resolution 142, Statutes of 2015.

Section VII – 2015 Legislative Hearings

In 2015, the JEDE Committee held three informational hearings addressing key economic and community development issues and examining six core policy actions:

1. Where are the opportunities for enhancing California business and worker competitiveness and support for their economic integration within the broader global marketplace?
2. Can the state's existing education and training systems meet the challenges of the post-recession economy? How can the state help to transcend historic divisions between career tech, college degrees, and employer needs?
3. How can the state enhance the conditions necessary to support business start-ups, microenterprise, and small business development?
4. What actions can the state take to reduce de facto barriers to business start-ups, re-shoring of manufacturing, and expansion of research and development facilities in California?
5. How can the state support local and regional efforts to catalyze private investment, especially in historically underserved and emerging areas of the state?
6. Does the state have an appropriate game plan to attract private capital to meet the state's significant infrastructure needs?

Based on a growing body of research that shows that income inequality and the lack of social mobility correlate to lower economic growth, one additional overarching policy action was proposed: What is the role of the state in building a more inclusive economy? Below are summaries of the three informational hearings. More information is available on the JEDE website at:

<http://ajed.assembly.ca.gov/faq>

Overview of the California Economy (Sacramento, California)

On Wednesday, February 11, 2015, the Assembly Committee on Jobs, Economic Development and the Economy (JEDE) convened its first hearing of the 2015-16 Session. The objective of this informational hearing was to provide Members with a foundation from which to undertake the committee's primary missions of overseeing current state programs and evaluating legislative proposals.

During the course of the hearing, committee members were briefed on the California economy by state and federal public policy advisors, an economist, and executives from three California small businesses. A highlight of the hearing was the opening remarks made by Donna Davis, the Region IX Administrator for the federal Small Business Administration. Other witnesses included:

- **Mr. Mac Taylor**, the California Legislative Analyst;
- **Dr. Jerry Nickelsburg**, Adjunct Professor of Economics at the Anderson School of Management and Senior Economist with the UCLA Anderson Forecast;
- **Ms. Molly Ramsdell**, Director of the Washington Office of the National Conference of State Legislatures;
- **Mr. Scott Hauge**, President of CAL Insurance and Associates, Inc.;

- **Mr. Dave Petree**, CEO of Cloak and Dagger; and
- **Mr. Ehsan Gharatappeh**, CEO of the Cellpoint Corporation.

Presentations were designed to provide a snapshot of the state economy, including demographic and economic trends with the potential to have lasting consequences on the state's global competitiveness and access to private investment. A public comment period provided time for other economic development professionals, businesses, and the general public to add their voices to the dialogue.

A background memorandum was developed by committee staff that provided general information on the state economy, the structure of the hearing, invited witnesses, key policy issues, and recommendations for additional follow-up actions. Extensive memorandum appendices included fact sheets developed by the JEDE staff, as well as a chart on federal discretionary and mandatory spending provided by the National Conference of State Legislatures, and a summary of 2015 economic development priorities for nearly a dozen stakeholder groups, compiled by the California Association for Local Economic Development.

Major Economic Policies and Programs of 2015 (Sacramento, California)

On Tuesday, March 17, 2015, the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) convened the second in a two-part series of informational hearings designed to provide committee members with a foundation from which to undertake the committee's primary missions of overseeing current state programs and evaluating legislative proposals.

While the first hearing provided an overview of the California economy, the presentations in the second hearing focused on policies, programs, and other initiatives intended to enhance California's business climate. The hearing also provided an opportunity for the JEDE Committee members to be briefed on the related work of the California Economic Summit.

Presentations in the first panel discussed the state education and workforce policies designed to prepare an appropriately skilled workforce. Using the programs and services of GO-Biz as a framework, the presentations in the second panel addressed the broader array of economic drivers. Among other issues, they discussed access to capital, government regulations, international trade, technical assistance for small businesses, among other issues. The hearing also highlighted finding and recommendations from the work of the California Economic Summit, an economic development collaboration of public and private civic and business leaders. Hearing presentations were provided by:

- **Mr. Brian McMahon**, the Senior Advisor to the California Labor Agency;
- **Mr. Tim Rainey**, the Executive Director of the California Workforce Investment Board;
- **Representative for Van Ton-Quinlivan**, the Vice Chancellor of Workforce and Economic Development of California's Community Colleges and Co-Chair of the Workforce Action Team of the California Economic Summit;
- **Mr. Jim Mayer**, President & CEO of California Forward, which serves as one of two lead partners for the California Economic Summit;
- **Mr. Kish Rajan**, Director of the Governor's Office of Business and Economic Development;
- **Mr. Paul Granillo**, President & CEO of the Inland Empire Economic Partnership and Co-chair of the California Economic Summit Steering Committee; and

- **Ms. Dorothy Rothrock**, President of the California Manufacturers and Technology Association.

A public comment period followed the seven scheduled speakers, which provided an opportunity for other economic development professionals, business owners, and the general public to add their voices to the dialogue.

A background memorandum was developed by JEDE Committee staff to provide general information on the state economy and context for the workforce and business development initiatives. The memorandum also included summaries of related annual and special reports by state agencies. The appendices had fact sheets and other short narratives developed by the JEDE staff, witnesses, and other stakeholder groups. Among other appendices, Appendix 7 included a list of nearly 40 recently introduced economic development-related Assembly bills.

Building an Inclusive Economy: The State's Role in Closing California's Opportunity Gap (Ontario, California)

On Thursday, November 12, 2015, the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE Committee) held an oversight hearing to examine California's expanding economic opportunity gap and to explore strategies for creating a more inclusive economy.

With California's record setting economic growth since the great recession being widely reported, public policy leaders requested an opportunity to hear more about those segments of the economy, groups of people, and geographic locations which have been excluded from this new prosperity. Among other policy solutions, the JEDE Committee engaged with witnesses on how the state can better support the entrepreneurial business environment, stabilize rural and other resource-limited communities, and develop career ladders for the state's increasingly diverse workforce that are capable of providing both wage growth and long-term household security.

Similar to the March 2015 hearing, this hearing was developed in collaboration with the 2015 California Economic Summit. In its fourth year, the Summit process serves as a unique opportunity for civic and business leaders to come together and reach agreements and make implementation commitments about California's highest priority economic and community development challenges. Witnesses included:

- **Mr. Paul S. Leon**, Mayor of Ontario;
- **Mr. Paul Granillo**, California Economic Summit Chair and Executive Director of the Inland Empire Economic Partnership;
- **Dr. Victor Rubin**, Vice President for Research at PolicyLink;
- **Dr. Yasuyuki Motoyama**, Director of Research and Policy at the Ewing Marion Kauffman Foundation;
- **Dr. Alma Salazar**, V.P. of Education and Workforce Development at the Los Angeles Area Chamber of Commerce;
- **Ms. Helen Torres**, Executive Director of HOPE; and
- **Ms. Melina Duarte**, STEM Education Consultant.

A background report was developed to provide a context for hearing presentations and proposed recommendations for further actions by the Legislature. Among other information, the report provided a general profile of the California economy using traditional measurements, such as GDP,

and more narrowly focused data, such as the great difference between the state's overall unemployment rate and that of certain groups, including those of young people, people of color, and people living in inland California. The report also examined the important role small businesses, workforce development, and access to affordable housing play in building an inclusive economy.

The report also identified five existing state work-streams that could be used to launch an inclusive economy initiative: the state budget process, the Special Session on Infrastructure, climate investments, private sector impact investments, and social innovation financing. Appendices includes fact sheets, summaries of key reports and related-legislation, and expanded narratives on infrastructure and California's role within the global economy.

2015 End of Session Report Appendix I

Index by Bill Order

Bill Number	Author	Title	Status	Page
AB 2	Alejo and E. Garcia	Community Revitalization and Investment Authorities	Signed by the Governor, Chapter 319, Statutes of 2015	5
AB 12	Cooley	State Government Administrative Review	Held on Suspense in the Assembly Committee on Appropriations, 2015	30
AB 19	Chang	Review of Regulations by the Governor's Office of Business and Economic Development	Held on Suspense in the Assembly Committee on Appropriations, 2015	13 and 30
AB 80	Campos	Interagency Task Force on the Status of Boys and Men	Vetoed by the Governor, 2015	5, 13, and 38
AB 154	Ting	Tax Conformity	Signed by the Governor, Chapter 359, Statutes of 2015	5, 13, and 31
AB 184	E. Garcia	Small Business Technical Assistance Act of 2015	Held on Suspense in the Assembly Committee on Appropriations, 2015	14 and 31
AB 185	E. Garcia	California New Market Tax Credit	Pending in the Assembly Committee on Appropriations.	5 and 15
AB 189	Bloom	Cultural Districts	Signed by the Governor, Chapter 396, Statutes of 2015	5 and 14
AB 199	Eggman	Recycled Feed Stock Sales Tax Exemption	Signed by the Governor, Chapter 768, Statutes of 2015	5
AB 251	Levine	Subsidies for Public Works	Vetoed by the Governor, 2015	31

AB 288	Holden	College and Career Pathways	Signed by the Governor, Chapter 618, Statutes of 2015	38
AB 351	Jones-Sawyer	Small Business Participation Goal in Public Contracts	Held on Suspense in the Assembly Committee on Appropriations, 2015	20
AB 357	Chiu	Food and Retail Employee Work Schedules	Pending on the Assembly Inactive File, 2015	31
AB 413	Chavez	Extended Certifications in California Disabled Veteran Business Employment Program	Signed by the Governor, Chapter 513, Statutes of 2015	20
AB 419	Kim	Web-Based Access to Small Business Regulations	Pending in the Senate Committee on Business, Professions, and Economic Development	14 and 31
AB 437	Atkins	Small Business Research and Development Grant Program	Vetoed by the Governor, 2015	5 and 14
AB 484	Gipson	Export Finance	Pending in the Senate Committee on Business, Professions, and Economic Development	6, 14, and 25
AB 498	Levine	Wildlife Corridors	Signed by the Governor, Chapter, 265, Statutes of 2015	31
AB 522	Burke	Public Contracts for Information Technology	Vetoed by the Governor, 2015	20
AB 525	Holden	Franchisee Agreements	Signed by the Governor, Chapter 776, Statutes of 2015	14
AB 582	Calderon	Entrepreneur Partnership Pilot Project	Pending in the Senate Committee on Rules	14, 20, and 31
AB 667	Wagner	Defining Professional Finders	Held on Suspense in the Assembly Committee on Appropriations, 2015	15 and 32

AB 680	Atkins	California Business Marketing Plan	Held on Suspense in the Assembly Committee on Appropriations, 2015	6, 15, and 25
AB 816	Bonta	Worker Cooperative Corporations	Signed by the Governor, Chapter 192, Statutes of 2015	6, 15, and 39
AB 826	Chau	Foreign Trade and Investment	Pending in the Senate Committee on Business, Professions, and Economic Development	6 and 25
AB 865	Alejo	California Energy Commission Grants and Loans Diversity	Signed by the Governor, Chapter 583, Statutes of 2015	6, 15, 20, and 39
AB 866	E. Garcia	Small Business Advocate Stakeholder Groups	Pending in the Senate Committee on Business, Professions, and Economic Development	15
AB 931	Irwin	New Hire Tax Credit	Vetoed by the Governor, 2015	6, 15, and 39
AB 968	Williams	Student Transcripts	Vetoed by the Governor, 2015	39
AB 1033	E. Garcia	The Bergeson-Peace Infrastructure and Economic Development Bank Act	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy.	7
AB 1058	Atkins	Second Chance Program	Signed by the Governor, Chapter 748, Statutes of 2015	39
AB 1090	O'Donnell	Sales and Use Taxes-Reshoring Jobs	Pending in the Assembly Committee on Jobs, Economic Development and the Economy	7, 25, and 40
AB 1093	E. Garcia	Supervised Population Workforce Training Grant Program	Signed by the Governor, Chapter 220, Statutes of 2015	40

AB 1125	Weber	State Agency Small Business Contracts	Held on Suspense in the Senate Committee on Appropriations, 2015	21
AB 1196	E. Garcia	Commission for Economic Development	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	7, 15, 25, 32, and 40
AB 1218	Weber	Reporting of Disabled Veteran Business Enterprise Participation	Held on Suspense in the Senate Committee on Appropriations, 2015	21
AB 1245	Cooley	Unemployment Insurance Electronic Reporting and Funds Transfers	Signed by the Governor, Chapter 222, Statutes of 2015	16 and 32
AB 1270	E. Garcia	California Workforce Innovation and Opportunity Act	Signed by the Governor, Chapter 94, Statutes of 2015	40
AB 1286	Mayes	California Regulatory Reform Council	Pending in the Assembly Committee on Appropriations	32
AB 1302	Brown	Public Contracts for Disabled Veterans	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	21
AB 1348	Irwin	Federal Economic Development Grant Opportunities	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	7, 16, and 26
AB 1393	Burke	California Pollution Control Financing Authority	Held in Senate Committee on Appropriations, 2015	7 and 16
AB 1444	E. Garcia	Foreign Trade Zones	Pending in the Senate Committee on Business, Professions, and Economic Development	7 and 26
AB 1471	Perea	Update to Corporations Code	Signed by the Governor, Chapter 189, Statutes of 2015	8 and 16

AB 1533	JEDE	Infrastructure and Economic Development Bank	Signed by the Governor, Chapter 383, Statutes of 2015	8 and 26
AB 1537	JEDE	Small Business Finance Center	Signed by the Governor, Chapter 191, Statutes of 2015	16 and 26
ACR 66	Bonta	Filipino American History Month	Adopted by the Legislature, Resolution Chapter 170, Statutes of 2015	26 and 40
ACR 92	Gipson	Commemoration of the 50 th Anniversary of the Watts Revolt	Adopted by the Legislature, Resolution Chapter 188, Statutes of 2015	8 and 40
AJR 13	Ridley-Thomas	50 th Anniversary of the 1965 Voting Rights Act	Adopted by the Legislature Resolution Chapter 193, Statutes of 2015	8 and 40
AJR 14	Chu	Reauthorization of the U.S. Export-Import Bank	Adopted by the Legislature, Resolution Chapter 84, Statutes of 2015	8, 16, and 26
HR 5	C. Garcia	Mexico and Human Rights	Adopted by the Assembly, 2015	26
SB 3	Leno	Minimum Wage Increase	Pending in the Assembly Committee on Appropriations	32 and 41
SB 9	Beall	Transit and Intercity Rail Capital Program	Signed by the Governor, Chapter 710, Statutes of 2015	8
SB 32	Pavley	Greenhouse Gas Emission Reductions	Pending in the Assembly Committee on Natural Resources.	41
SB 42	Liu	Higher Education Accountability	Vetoed by the Governor, 2015	41
SB 63	Hall	Seaport Infrastructure Districts	Signed by the Governor, Chapter 793, Statutes of 2015	8, 16, and 26

SB 102	Committee on the Budget	General Government Budget Trailer	Signed by the Governor, Chapter 323, Statutes of 2015	8
SB 159	Nielsen	Measuring the DVBE 3% Goal	Pending in the Assembly Veterans Committee	21
SB 172	Liu	High School Exit Exam	Signed by the Governor, Chapter 572, Statutes of 2015	41
SB 189	Hueso	Clean Energy Jobs Committee	Held on Suspense in the Assembly Committee on Appropriations, 2015	8, 17, and 41
SB 208	Lara	Water Facility Grants	Signed by the Governor, Chapter 675, Statutes of 2015	9
SB 249	Hueso	Enhanced Drivers Licenses	Vetoed by the Governor, 2015	26
SB 250	Roth	CAL FIRE Accessibility Standards	Held Under Submission in the Senate Appropriations, 2015	32
SB 251	Roth	Small Business Litigation Relief	Vetoed by the Governor, 2015	9, 17, and 32
SCR 6	Monning	California Sister State Agreement with Santa Fé, Argentina	Adopted by the Legislature, Resolution 91, Statutes of 2015	27
SB 348	Galgiani	Sunset Extension for CEQA Railroad Exemption	Signed by the Governor, Chapter 143, Statutes of 2015	33
SB 350	De León	Renewable Energy Portfolio	Signed by the Governor, Chapter 547, Statutes of 2015	9
SB 376	Lara	Compensation of Employees under UC Contracts	Vetoed by the Governor, 2015	41

SB 406	Jackson	Expansion of Family Leave	Vetoed by the Governor, 2015	17, 33, and 41
SB 412	De León	Biotech and the Commission for Economic Development	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	9
SB 540	Hertzberg	Lifting of Tax Penalties	Signed by the Governor, Chapter 541, Statutes of 2015	17 and 33
SB 600	Pan	Inclusion of Immigrants under the Unruh Civil Rights Act	Signed by the Governor, Chapter 282, Statutes of 2015	17, 27, and 42
SB 623	Lara	Right of Undocumented Workers to Worker's Compensation	Signed by the Governor, Chapter 290, Statutes of 2015	27 and 42
SB 662	Environmental Quality	Recycling Marketing Zones	Signed by the Governor, Chapter 453, Statutes of 2015	9
SB 734	De León	Public Comment on Regulations	Pending on the Assembly Inactive File, 2015	33
SB 762	Wolk	Best Value Contracts	Signed by the Governor, Chapter 627, Statutes of 2015	21
SCR 6	Monning	California Sister State Agreement with Santa Fe, Argentina	Adopted by the Legislature, Resolution 91, Statutes of 2015	27
SCR 25	Block	Israel Memorandum of Understanding (MOU)	Adopted by the Legislature, Resolution 127, Statutes of 2015	27
SCR 55	Pan	Commemoration of Locke, California	Adopted by the Legislature, Resolution 142, Statutes of 2015	27 and 42

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The California Economy

Bill Number	Author	Title	Status	Page
AB 2	Alejo and E. Garcia	Community Revitalization and Investment Authorities	Signed by the Governor, Chapter 319, Statutes of 2015	5
AB 80	Campos	Interagency Task Force on the Status of Boys and Men	Vetoed by the Governor, 2015	5, 13, and 38
AB 154	Ting	Tax Conformity	Signed by the Governor, Chapter 359, Statutes of 2015	5, 13, and 31
AB 184	E. Garcia	Small Business Technical Assistance Act of 2015	Held on Suspense in the Assembly Committee on Appropriations, 2015	14 and 31
AB 185	E. Garcia	California New Market Tax Credit	Pending in the Assembly Committee on Appropriations.	5 and 15
AB 189	Bloom	Cultural Districts	Signed by the Governor, Chapter 396, Statutes of 2015	5 and 14
AB 199	Eggman	Recycled Feed Stock Sales Tax Exemption	Signed by the Governor, Chapter 768, Statutes of 2015	5
AB 437	Atkins	Small Business Research and Development Grant Program	Vetoed by the Governor, 2015	5 and 14
AB 484	Gipson	Export Finance	Pending in the Senate Committee on Business, Professions, and Economic Development	6, 14, and 25

AB 680	Atkins	California Business Marketing Plan	Held on Suspense in the Assembly Committee on Appropriations, 2015	6, 15, and 25
AB 816	Bonta	Worker Cooperative Corporations	Signed by the Governor, Chapter 192, Statutes of 2015	6, 15, and 39
AB 826	Chau	Foreign Trade and Investment	Pending in the Senate Committee on Business, Professions, and Economic Development	6 and 25
AB 865	Alejo	California Energy Commission Grants and Loans Diversity	Signed by the Governor, Chapter 583, Statutes of 2015	6, 15, 20, and 39
AB 931	Irwin	New Hire Tax Credit	Vetoed by the Governor, 2015	6, 15, and 39
AB 1033	E. Garcia	The Bergeson-Peace Infrastructure and Economic Development Bank Act	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy.	7
AB 1090	O'Donnell	Sales and Use Taxes-Reshoring Jobs	Pending in the Assembly Committee on Jobs, Economic Development and the Economy	7, 25, and 40
AB 1196	E. Garcia	Commission for Economic Development	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	7, 15, 25, 32, and 40
AB 1348	Irwin	Federal Economic Development Grant Opportunities	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	7, 16, and 26
AB 1393	Burke	California Pollution Control Financing Authority	Held in Senate Committee on Appropriations, 2015	7 and 16
AB 1444	E. Garcia	Foreign Trade Zones	Pending in the Senate Committee on Business, Professions, and Economic Development	7 and 26
AB 1471	Perea	Update to Corporations Code	Signed by the Governor, Chapter 189, Statutes of 2015	8 and 16

AB 1533	JEDE	Infrastructure and Economic Development Bank	Signed by the Governor, Chapter 383, Statutes of 2015	8 and 26
ACR 92	Gipson	Commemoration of the 50 th Anniversary of the Watts Revolt	Adopted by the Legislature, Resolution Chapter 188, Statutes of 2015	8 and 40
AJR 13	Ridley-Thomas	50 th Anniversary of the 1965 Voting Rights Act	Adopted by the Legislature Resolution Chapter 193, Statutes of 2015	8 and 40
AJR 14	Chu	Reauthorization of the U.S. Export-Import Bank	Adopted by the Legislature, Resolution Chapter 84, Statutes of 2015	8, 16, and 26
SB 9	Beall	Transit and Intercity Rail Capital Program	Signed by the Governor, Chapter 710, Statutes of 2015	8
SB 63	Hall	Seaport Infrastructure Districts	Signed by the Governor, Chapter 793, Statutes of 2015	8, 16, and 26
SB 102	Committee on the Budget	General Government Budget Trailer	Signed by the Governor, Chapter 323, Statutes of 2015	8
SB 189	Hueso	Clean Energy Jobs Committee	Held on Suspense in the Assembly Committee on Appropriations, 2015	8, 17, and 41
SB 208	Lara	Water Facility Grants	Signed by the Governor, Chapter 675, Statutes of 2015	9
SB 251	Roth	Small Business Litigation Relief	Vetoed by the Governor, 2015	9, 17, and 32
SCR 6	Monning	California Sister State Agreement with Santa Fé, Argentina	Adopted by the Legislature, Resolution 91, Statutes of 2015	27
SB 348	Galgiani	Sunset Extension for CEQA Railroad Exemption	Signed by the Governor, Chapter 143, Statutes of 2015	33

SB 350	De León	Renewable Energy Portfolio	Signed by the Governor, Chapter 547, Statutes of 2015	9
SB 412	De León	Biotech and the Commission for Economic Development	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	9
SB 662	Environmental Quality	Recycling Marketing Zones	Signed by the Governor, Chapter 453, Statutes of 2015	9

Small Business Development and Operations

Bill Number	Author	Title	Status	Page
AB 19	Chang	Review of Regulations by the Governor's Office of Business and Economic Development	Held on Suspense in the Assembly Committee on Appropriations, 2015	13 and 30
AB 80	Campos	Interagency Task Force on the Status of Boys and Men	Vetoed by the Governor, 2015	5, 13, and 38
AB 154	Ting	Tax Conformity	Signed by the Governor, Chapter 359, Statutes of 2015	5, 13, and 31
AB 184	E. Garcia	Small Business Technical Assistance Act of 2015	Held on Suspense in the Assembly Committee on Appropriations, 2015	14 and 31
AB 185	E. Garcia	California New Market Tax Credit	Pending in the Assembly Committee on Appropriations.	5 and 15
AB 189	Bloom	Cultural Districts	Signed by the Governor, Chapter 396, Statutes of 2015	5 and 14
AB 419	Kim	Web-Based Access to Small Business Regulations	Pending in the Senate Committee on Business, Professions, and Economic Development	14 and 31
AB 437	Atkins	Small Business Research and Development Grant Program	Vetoed by the Governor, 2015	5 and 14
AB 484	Gipson	Export Finance	Pending in the Senate Committee on Business, Professions, and Economic Development	6, 14, and 25
AB 525	Holden	Franchisee Agreements	Signed by the Governor, Chapter 776, Statutes of 2015	14

AB 582	Calderon	Entrepreneur Partnership Pilot Project	Pending in the Senate Committee on Rules	14, 20, and 31
AB 667	Wagner	Defining Professional Finders	Held on Suspense in the Assembly Committee on Appropriations, 2015	15 and 32
AB 680	Atkins	California Business Marketing Plan	Held on Suspense in the Assembly Committee on Appropriations, 2015	6, 15, and 25
AB 816	Bonta	Worker Cooperative Corporations	Signed by the Governor, Chapter 192, Statutes of 2015	6, 15, and 39
AB 865	Alejo	California Energy Commission Grants and Loans Diversity	Signed by the Governor, Chapter 583, Statutes of 2015	6, 15, 20, and 39
AB 931	Irwin	New Hire Tax Credit	Vetoed by the Governor, 2015	6, 15, and 39
AB 1196	E. Garcia	Commission for Economic Development	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	7, 15, 25, 32, and 40
AB 1245	Cooley	Unemployment Insurance Electronic Reporting and Funds Transfers	Signed by the Governor, Chapter 222, Statutes of 2015	16 and 32
AB 1348	Irwin	Federal Economic Development Grant Opportunities	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	7, 16, and 26
AB 1393	Burke	California Pollution Control Financing Authority	Held in Senate Committee on Appropriations, 2015	7 and 16
AB 1471	Perea	Update to Corporations Code	Signed by the Governor, Chapter 189, Statutes of 2015	8 and 16
AB 1537	JEDE	Small Business Finance Center	Signed by the Governor, Chapter 191, Statutes of 2015	16 and 26

AJR 14	Chu	Reauthorization of the U.S. Export-Import Bank	Adopted by the Legislature, Resolution Chapter 84, Statutes of 2015	8, 16, and 26
SB 63	Hall	Seaport Infrastructure Districts	Signed by the Governor, Chapter 793, Statutes of 2015	8, 16, and 26
SB 189	Hueso	Clean Energy Jobs Committee	Held on Suspense in the Assembly Committee on Appropriations, 2015	8, 17, and 41
SB 251	Roth	Small Business Litigation Relief	Vetoed by the Governor, 2015	9, 17, and 32
SB 406	Jackson	Expansion of Family Leave	Vetoed by the Governor, 2015	17, 33, and 41
SB 540	Hertzberg	Lifting of Tax Penalties	Signed by the Governor, Chapter 541, Statutes of 2015	17 and 33
SB 600	Pan	Inclusion of Immigrants under the Unruh Civil Rights Act	Signed by the Governor, Chapter 282, Statutes of 2015	17, 27, and 42

Disabled Veteran Business Enterprises and Small Business Procurement

Bill Number	Author	Title	Status	Page
AB 351	Jones-Sawyer	Small Business Participation Goal in Public Contracts	Held on Suspense in the Assembly Committee on Appropriations, 2015	20
AB 413	Chavez	Extended Certifications in California Disabled Veteran Business Employment Program	Signed by the Governor, Chapter 513, Statutes of 2015	20
AB 522	Burke	Public Contracts for Information Technology	Vetoed by the Governor, 2015	20
AB 582	Calderon	Entrepreneur Partnership Pilot Project	Pending in the Senate Committee on Rules	14, 20, and 31
AB 865	Alejo	California Energy Commission Grants and Loans Diversity	Signed by the Governor, Chapter 583, Statutes of 2015	6, 15, 20, and 39

International Trade

Bill Number	Author	Title	Status	Page
AB 484	Gipson	Export Finance	Pending in the Senate Committee on Business, Professions, and Economic Development	6, 14, and 25
AB 680	Atkins	California Business Marketing Plan	Held on Suspense in the Assembly Committee on Appropriations, 2015	6, 15, and 25
AB 826	Chau	Foreign Trade and Investment	Pending in the Senate Committee on Business, Professions, and Economic Development	6 and 25
AB 1090	O'Donnell	Sales and Use Taxes-Reshoring Jobs	Pending in the Assembly Committee on Jobs, Economic Development and the Economy	7, 25, and 40
AB 1196	E. Garcia	Commission for Economic Development	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	7, 15, 25, 32, and 40
AB 1348	Irwin	Federal Economic Development Grant Opportunities	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	7, 16, and 26
AB 1444	E. Garcia	Foreign Trade Zones	Pending in the Senate Committee on Business, Professions, and Economic Development	7 and 26
AB 1533	JEDE	Infrastructure and Economic Development Bank	Signed by the Governor, Chapter 383, Statutes of 2015	8 and 26
AB 1537	JEDE	Small Business Finance Center	Signed by the Governor, Chapter 191, Statutes of 2015	16 and 26

ACR 66	Bonta	Filipino American History Month	Adopted by the Legislature, Resolution Chapter 170, Statutes of 2015	26 and 40
AJR 14	Chu	Reauthorization of the U.S. Export-Import Bank	Adopted by the Legislature, Resolution Chapter 84, Statutes of 2015	8, 16, and 26
HR 5	C. Garcia	Mexico and Human Rights	Adopted by the Assembly, 2015	26
SB 63	Hall	Seaport Infrastructure Districts	Signed by the Governor, Chapter 793, Statutes of 2015	8, 16, and 26
SB 249	Hueso	Enhanced Drivers Licenses	Vetoed by the Governor, 2015	26
SB 600	Pan	Inclusion of Immigrants under the Unruh Civil Rights Act	Signed by the Governor, Chapter 282, Statutes of 2015	17, 27, and 42
SB 623	Lara	Right of Undocumented Workers to Worker's Compensation	Signed by the Governor, Chapter 290, Statutes of 2015	27 and 42
SCR 6	Monning	California Sister State Agreement with Santa Fe, Argentina	Adopted by the Legislature, Resolution 91, Statutes of 2015	27
SCR 25	Block	Israel Memorandum of Understanding (MOU)	Adopted by the Legislature, Resolution 127, Statutes of 2015	27
SCR 55	Pan	Commemoration of Locke, California	Adopted by the Legislature, Resolution 142, Statutes of 2015	27 and 42

Regulatory Reform

Bill Number	Author	Title	Status	Page
AB 12	Cooley	State Government Administrative Review	Held on Suspense in the Assembly Committee on Appropriations, 2015	30
AB 19	Chang	Review of Regulations by the Governor's Office of Business and Economic Development	Held on Suspense in the Assembly Committee on Appropriations, 2015	13 and 30
AB 154	Ting	Tax Conformity	Signed by the Governor, Chapter 359, Statutes of 2015	5, 13, and 31
AB 184	E. Garcia	Small Business Technical Assistance Act of 2015	Held on Suspense in the Assembly Committee on Appropriations, 2015	14 and 31
AB 251	Levine	Subsidies for Public Works	Vetoed by the Governor, 2015	31
AB 357	Chiu	Food and Retail Employee Work Schedules	Pending on the Assembly Inactive File, 2015	31
AB 419	Kim	Web-Based Access to Small Business Regulations	Pending in the Senate Committee on Business, Professions, and Economic Development	14 and 31
AB 498	Levine	Wildlife Corridors	Signed by the Governor, Chapter, 265, Statutes of 2015	31
AB 582	Calderon	Entrepreneur Partnership Pilot Project	Pending in the Senate Committee on Rules	14, 20, and 31
AB 667	Wagner	Defining Professional Finders	Held on Suspense in the Assembly Committee on Appropriations, 2015	15 and 32

AB 1196	E. Garcia	Commission for Economic Development	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	7, 15, 25, 32, and 40
AB 1245	Cooley	Unemployment Insurance Electronic Reporting and Funds Transfers	Signed by the Governor, Chapter 222, Statutes of 2015	16 and 32
AB 1286	Mayes	California Regulatory Reform Council	Pending in the Assembly Committee on Appropriations	32
SB 3	Leno	Minimum Wage Increase	Pending in the Assembly Committee on Appropriations	32 and 41
SB 32	Pavley	Greenhouse Gas Emission Reductions	Pending in the Assembly Committee on Natural Resources.	41
SB 250	Roth	CAL FIRE Accessibility Standards	Held Under Submission in the Senate Appropriations, 2015	32
SB 251	Roth	Small Business Litigation Relief	Vetoed by the Governor, 2015	9, 17, and 32
SB 348	Galgiani	Sunset Extension for CEQA Railroad Exemption	Signed by the Governor, Chapter 143, Statutes of 2015	33
SB 406	Jackson	Expansion of Family Leave	Vetoed by the Governor, 2015	17, 33, and 41
SB 540	Hertzberg	Lifting of Tax Penalties	Signed by the Governor, Chapter 541, Statutes of 2015	17 and 33
SB 734	De León	Public Comment on Regulations	Pending on the Assembly Inactive File, 2015	33

Workforce Development

Bill Number	Author	Title	Status	Page
AB 80	Campos	Interagency Task Force on the Status of Boys and Men	Vetoed by the Governor, 2015	5, 13, and 38
AB 288	Holden	College and Career Pathways	Signed by the Governor, Chapter 618, Statutes of 2015	38
AB 816	Bonta	Worker Cooperative Corporations	Signed by the Governor, Chapter 192, Statutes of 2015	6, 15, and 39
AB 865	Alejo	California Energy Commission Grants and Loans Diversity	Signed by the Governor, Chapter 583, Statutes of 2015	6, 15, 20, and 39
AB 931	Irwin	New Hire Tax Credit	Vetoed by the Governor, 2015	6, 15, and 39
AB 968	Williams	Student Transcripts	Vetoed by the Governor, 2015	39
AB 1058	Atkins	Second Chance Program	Signed by the Governor, Chapter 748, Statutes of 2015	39
AB 1090	O'Donnell	Sales and Use Taxes-Reshoring Jobs	Pending in the Assembly Committee on Jobs, Economic Development and the Economy	7, 25, and 40
AB 1093	E. Garcia	Supervised Population Workforce Training Grant Program	Signed by the Governor, Chapter 220, Statutes of 2015	40
AB 1196	E. Garcia	Commission for Economic Development	Pending in the Assembly Committee on Jobs, Economic Development, and the Economy	7, 15, 25, 32, and 40

AB 1270	E. Garcia	California Workforce Innovation and Opportunity Act	Signed by the Governor, Chapter 94, Statutes of 2015	40
ACR 66	Bonta	Filipino American History Month	Adopted by the Legislature, Resolution Chapter 170, Statutes of 2015	26 and 40
ACR 92	Gipson	Commemoration of the 50 th Anniversary of the Watts Revolt	Adopted by the Legislature, Resolution Chapter 188, Statutes of 2015	8 and 40
AJR 13	Ridley-Thomas	50 th Anniversary of the 1965 Voting Rights Act	Adopted by the Legislature Resolution Chapter 193, Statutes of 2015	8 and 40
SB 3	Leno	Minimum Wage Increase	Pending in the Assembly Committee on Appropriations	32 and 41
SB 32	Pavley	Greenhouse Gas Emission Reductions	Pending in the Assembly Committee on Natural Resources.	41
SB 42	Liu	Higher Education Accountability	Vetoed by the Governor, 2015	41
SB 172	Liu	High School Exit Exam	Signed by the Governor, Chapter 572, Statutes of 2015	41
SB 189	Hueso	Clean Energy Jobs Committee	Held on Suspense in the Assembly Committee on Appropriations, 2015	8, 17, and 41
SB 376	Lara	Compensation of Employees under UC Contracts	Vetoed by the Governor, 2015	41
SB 406	Jackson	Expansion of Family Leave	Vetoed by the Governor, 2015	17, 33, and 41
SB 600	Pan	Inclusion of Immigrants under the Unruh Civil Rights Act	Signed by the Governor, Chapter 282, Statutes of 2015	17, 27, and 42

SB 623	Lara	Right of Undocumented Workers to Worker's Compensation	Signed by the Governor, Chapter 290, Statutes of 2015	27 and 42
SCR 55	Pan	Commemoration of Locke, California	Adopted by the Legislature, Resolution 142, Statutes of 2015	27 and 42

Glossary of Terms

Jobs, Economic Development, and the Economy

Abbreviations

BTH: Business Transportation and Housing Agency.

CalBIS: California Business Investment Services.

CalED: California Association for Local Economic Development.

Cal EMA: California Emergency Management Agency.

CALGOLD: California Government Online to Desktops.

CALWORKS: The California Work Opportunity and Responsibility to Kids Program.

CDFI: Community Development Financial Institution.

CEDP: California Economic Development Partnership.

CWIB: California Workforce Investment Board.

DGS: Department of General Services.

DOL: Department of Labor.

DVBE: Disabled Veterans Business Enterprise.

EDC: Economic Development Corporation.

EDD: Employment Development Department.

ETP: Employment Training Panel.

EZ: Enterprise Zone.

FDI: Foreign Direct Investment.

GDP: Gross Domestic Product.

G-TEDA: Geographically-Targeted Economic Development Area.

GO-BIZ: Governor's Office of Business and Economic Development.

GOED: Governor's Office of Economic Development.

HCD: Department of Housing and Community Development.

I-BANK: Infrastructure and Economic Development Bank.

IEEP: Inland Empire Economic Partnership.

IHUB: Innovation Hub Program.

IGPAC: Intergovernmental Policy Advisory Committee on Trade.

ITA: International Trade Administration.

JEDE: Jobs, Economic Development and the Economy Committee.

JTPA: Job Training Partnership Act.

LAMBRA: Local Agency Military Base Recovery Area.

LHC: Little Hoover Commission.

MASA: Military and Aerospace Support Act.

MEA: Manufacturing Enhancement Area.

MOU: Memorandum of Understanding.

MSA: Metropolitan Statistical Area.

NEI: National Export Initiative.

PACE: Property Assessed Clean Energy.

REAL: Regional Economic Association of Leaders Coalition.

ROI: Return on Investment.

SBA: Small Business Administration.

SBE: Small Business Enterprise.

SBLGP: Small Business Loan Guarantee Program.

SBDC: Small Business Development Center.

SPOC: State Point of Contact.

STEP: State Trade and Export Promotion Program.

TEA: Targeted Employment Area.

TPP: Trans-Pacific Partnership

TTA: Targeted Tax Area.

TTIP: Transatlantic Trade and Investment Partnership.

USTR: United States Trade Representative.

WIA: Workforce Investment Act.

WIB: Workforce Investment Board.

Definitions:

BUSINESS TRANSPORTATION AND HOUSING AGENCY (BTH): BTH oversees the activities of 14 departments consisting of more than 45,000 employees, a budget greater than \$18 billion, plus several economic development programs and commissions. Its operations address financial services, transportation, affordable housing, tourism, managed health care plans and public safety.

CALIFORNIA BUSINESS INVESTMENT SERVICES (CalBIS): Housed in the Governor's Office of Economic Development (GOED), CalBIS serves employers, corporate real estate executives, and site location consultants considering California for new business investment and expansion.

CALIFORNIA ASSOCIATION FOR LOCAL ECONOMIC DEVELOPMENT (CALED): CALED is a statewide professional economic development organization dedicated to advancing its members' ability to achieve excellence in delivering economic development services to their communities and business clients. CALED's membership consists of public and private organizations and individuals involved in economic development.

CALIFORNIA EMERGENCY MANAGEMENT AGENCY (Cal EMA): Cal EMA merged the duties and powers of the former Governor's Office of Emergency Services with those of the Governor's office of Homeland Security.

CALIFORNIA GOVERNMENT ONLINE TO DESKTOPS (CalGOLD): The CalGOLD database is housed on the Governor's Office of Economic Development website and provides links and contact information that direct businesses to agencies that administer and issue business permits, licenses and registration requirements from all levels of government. The CalGOLD listings include descriptions of the requirements, the names, addresses, and telephone numbers of the agencies that administer those requirements and issue the permits and licenses, and in most cases a direct link to the agencies' Internet web pages.

CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS PROGRAM

(CALWORKS): Provides temporary financial assistance and employment focused services to families with minor children who have income and property below state maximum limits for their family size. Most able-bodied aided parents are also required to participate in the CALWORKs GAIN employment services program.

CALIFORNIA WORKFORCE INVESTMENT BOARD (CWIB): The California Workforce Investment Board is responsible for assisting the Governor in performing duties and responsibilities required by the federal Workforce Investment Act of 1998. All members of the Board are appointed by the Governor and represent the many facets of workforce development – business, labor, public education, higher education, economic development, youth activities, employment and training, as well as the Legislature.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION (CDFI): Nationwide, over 1000 CDFIs serve economically distressed communities by providing credit, capital and financial services that are often unavailable from mainstream financial institutions. CDFIs have loaned and invested in distressed communities. Their loans and investments have leveraged billions more dollars from the private sector for development activities in low wealth communities across the nation. California offers tax credits for investments in CDFI's under the Insurance Tax Law, as well as under the Personal and Corporate Income Tax Laws.

CALIFORNIA ECONOMIC DEVELOPMENT PARTNERSHIP (CEDP): The CEDP was formed by Governor Schwarzenegger in 2005 as an interagency team to coordinate state government economic development activities. It seeks seamless coordination between the state, regional/local economic development organizations, and public/private resources for the retention, expansion and attraction of jobs in California.

DEPARTMENT OF GENERAL SERVICES (DGS): The department employs over 4,000 employees and has a budget in excess of one billion dollars. Its functions include e-commerce and telecommunications; siting, acquisition, development, leasing, disposal and management of state properties; architectural approval of local schools and other state-responsibility buildings; printing services provided by the second largest government printing plant in the U.S.; procurement of supplies needed by other state agencies; and maintenance of the vast fleet of state vehicles. The director serves on several state boards and commissions.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD): HCD is one of many departments within BTH. As California's principal housing agency, the mission of HCD is to provide leadership, policies and programs to expand and preserve safe and affordable housing opportunities and promote strong communities for all Californians. HCD is responsible for oversight of California's G-TEDA programs.

DEPARTMENT OF LABOR (DOL): A U.S. government cabinet body responsible for standards in occupational safety, wages and number of hours worked, unemployment insurance benefits, re-employment services and a portion of the country's economic statistics.

DISABLED VETERAN BUSINESS ENTERPRISE (DVBE): Certified DVBE's that meet eligibility requirements are eligible to receive bid preferences on state contracts. DGS's Procurement Division certifies DVBEs and participates in the DVBE Council.

ECONOMIC DEVELOPMENT CORPORATION (EDC): Locally-based corporations whose mission is to promote investment and economic growth in their region.

ECONOMIC STRATEGY PANEL: The Economic Strategy Panel was established in 1993 to develop an overall economic vision and strategy to guide public policy. The Panel engages in an objective and collaborative biennial planning process that examines economic regions, industry clusters, and cross-regional economic issues. The California Regional Economies Project is currently the lead mechanism for these efforts.

EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD): EDD offers a wide variety of services under the Job Service, Unemployment Insurance, Disability Insurance, Workforce Investment, and Labor Market Information programs. As California's largest tax collection agency, EDD also handles the audit and collection of payroll taxes and maintains employment records for more than 16 million California workers.

EMPLOYMENT TRAINING PANEL (ETP): ETP is a California State agency that began in 1983 and is designed to fund training that meets the needs of employers for skilled workers and the need of workers for long-term jobs. The program funds the retraining of incumbent, frontline workers in companies challenged by out-of-state competition. ETP also funds training for unemployed workers, and prioritizes small businesses, and employers and workers in high unemployment areas of the State. ETP is funded by a tax on business.

ENTERPRISE ZONE (EZ): Geographically-based economic incentive areas in California that provide regulatory or tax benefits to businesses. There were 42 Enterprise Zones in California. The program was eliminated in 2013. Areas previously designated as enterprise zone do have special provisions under some programs.

GROSS DOMESTIC PRODUCT (GDP): The monetary value of all the finished goods and services produced within a country's borders in a specific time period, usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

GEOGRAPHICALLY TARGETED ECONOMIC DEVELOPMENT AREA (G-TEDA): A generic term for all geographically-based economic incentive areas in California, including Targeted Tax Areas (TTAs), Local Agency Military Base Recovery Areas (LAMBRAs), Enterprise Zones (EZs), and Manufacturing Enhancement Areas (MEAs).

GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT (GO-BIZ): GO-BIZ is a one-stop shop intended to help businesses to invest and expand in California.

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT (GOED): GOED is a one-stop shop intended to help businesses to invest and expand in California. It was established in 2010 by Executive Order S-05-10.

INNOVATION HUB PROGRAM (IHUB): The iHub Program improves the state's national and global competitiveness by stimulating partnerships, economic development, and job creation around specific research clusters through state-designated iHubs.

INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK): The I-Bank is a state financing authority that provides low-cost financing to public agencies, manufacturing companies, nonprofit organizations and other entities eligible for tax-exempt financing. Since January 1, 1999, the I-Bank has financed more than \$32 billion in tax-exempt bonds and loans for economic development and public infrastructure projects throughout the state, and various other financings.

INLAND EMPIRE ECONOMIC PARTNERSHIP (IEEP): The mission of the IEEP is to help create a voice for the two-county region of Riverside and San Bernardino Counties. The membership, a collection of important organizations in the private and public sector, give the organization the knowledge and perspective needed to advocate and provide a vibrant business living environment in the region.

INTERNATIONAL TRADE ADMINISTRATION (ITA): The International Trade Administration strengthens the competitiveness of U.S. industry, promotes trade and investment, and ensures fair trade through the rigorous enforcement of our trade laws and agreements. ITA works to improve the global business environment and helps U.S. organizations compete at home and abroad.

INTERGOVERNMENTAL POLICY ADVISORY COMMITTEE ON TRADE (IGPAC): A federal advisory committee that provides the United States Trade Representative advice on matters of international trade from the perspective of state and local governments. Current membership includes former State Senator/current Los Angeles City Councilmember Curren Price, and Carlos J. Valderrama of the Los Angeles Area Chamber of Commerce.

JOB TRAINING PARTNERSHIP ACT (JTPA): JTPA is a federal law that authorizes and funds a number of employment and training programs in California. JTPA's primary purpose is to establish programs to provide job training services for economically disadvantaged adults and youth, dislocated workers and others who face significant employment barriers. These programs help prepare individuals in California for participation in the state's workforce, increasing their employment and earnings potential, improving their educational and occupational skills and reducing their dependency on welfare.

LITTLE HOOVER COMMISSION (LHC): The Little Hoover Commission is an independent state oversight agency that was created in 1962. The Commission's creation and membership, purpose and duties, and powers are enumerated in statute. By statute, the Commission is a balanced bipartisan board composed of five citizen members appointed by the Governor, four citizen members appointed by the Legislature, two Senators and two Assembly Members.

LOCAL AGENCY MILITARY BASE RECOVERY AREA (LAMBRA): A LAMBRA is an area located in California that is designated as such by the Business, Transportation and Housing Agency.

LAMBRAs are established to stimulate growth and development in areas that experience military base closures. Taxpayers investing, operating, or located within a LAMBRA may qualify for special tax incentives. There are currently eight LAMBRAs: Southern California Logistics Airport, Castle Airport, Mare Island, San Bernardino International Airport, Alameda Point, Mather/McClellan, San Diego Naval Training Center, and Tustin Legacy.

MANUFACTURING ENHANCEMENT AREA (MEA): Incentives available to businesses located in an MEA are streamlining local regulatory controls, reduced local permitting fees and eligibility to earn \$29,234 or more in state tax credits for each qualified employee hired. All manufacturing businesses that are engaged in those lines of business described in Codes 2011 to 3999, inclusive, of the Standard Industrial Classification (SIC) and are located in the MEA are eligible for program benefits. There are 2 MEAs located in California. They are in the Cities of Brawley and Calexico. Each community is located in Imperial County. An MEA designation lasts until December 31, 2012.

MICROBUSINESS: A small business which, together with affiliates, have annual gross receipts of less than \$3,500,000 or is a manufacturer with 25 or fewer employees.

METROPOLITAN STATISTICAL AREA (MSA): In the United States a metropolitan statistical area is a geographical region with a relatively high population density at its core and close economic ties throughout the area.

NATIONAL EXPORT INITIATIVE (NEI): In January 2010, the President launched the National Export Initiative with the goal of doubling U.S. exports over 5 years. The initiative is directed through a newly established Export Promotion Cabinet and an internal Trade Promotion Coordinating Committee which has been tasked to coordinate and align their export promotion activities including counseling, customer matchmaking services, and financing for exporters.

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS): The North American Industry Classification System (NAICS) has replaced the U.S. Standard Industrial Classification (SIC) system. NAICS was developed jointly by the U.S., Canada, and Mexico to provide new comparability in statistics about business activity across North America. The NAICS and SIC manuals provide code number for every industry. These codes are frequently used in legislation to identify industries, especially those benefiting from certain tax legislation like the Manufacturers Investment Credit (MIC).

PROPERTY ASSESSED CLEAN ENERGY (PACE): PACE Programs allow local government entities to offer sustainable energy project loans to eligible property owners. Through the creation of financing districts, property owners can finance renewable onsite generation installations and energy efficiency improvements through a voluntary assessment on their property tax bills.

SMALL BUSINESS ADMINISTRATION (SBA): Since its founding in 1976 the U.S. Small Business Administration has delivered about 20 million loans, loan guarantees, contracts, counseling sessions and other forms of assistance to small businesses.

SMALL BUSINESS DEVELOPMENT CENTERS (SBDC): The SBDC Program is the leader in providing small business owners and entrepreneurs with the tools and guidance needed to become successful in today's challenging economic climate. Each regional center offers comprehensive business

guidance on business issues including, but not limited to; business plan development, startup basics, financing, regulatory compliance, international trade, and manufacturing assistance. Funding for the program is provided, in part, by the U.S. Small Business Administration and local partners.

SMALL BUSINESS ENTERPRISE (SBE): A business with 100 or fewer employees, and an average annual gross receipts of \$14 million or less over the previous three tax years, or a manufacturer with 100 or fewer employees. SBE's are eligible to receive a 5% bid preference on state contracts.

SMALL BUSINESS LOAN GUARANTEE PROGRAM (SBLGP): The state Small Business Loan Guarantee Program (SBLGP) provides guarantees on bank loans to small businesses that would otherwise not be made. A network of 11 Small Business Financial Development Corporations - working closely with small business borrowers and local community banks - issues the guarantees on behalf of the state.

SPECIAL FUND FOR ECONOMIC UNCERTAINTIES: A fund in the General Fund (a similar reserve is included in each special fund) authorized to be established by statutes and Budget Act control sections to provide for emergency situations. (GC 16418)

STATE POINT OF CONTACT (SPOC): Funding applications submitted to the federal government will often require the applicant to comply with the state's SPOC requirements. The SPOC is responsible for reviewing specific types of grants for federal funds, loans, or financial assistance.

STATE TRADE AND EXPORT PROMOTION PROGRAM (STEP): The STEP Program is a 3-year pilot trade and export initiative authorized by the Small Business Jobs Act of 2010. Funded by federal grants and matching funds from the states, the STEP Program is designed to help increase the number of small businesses that are exporting and to raise the value of exports for those small businesses that are currently exporting.

TARGETED EMPLOYMENT AREA (TEA): One of many options to voucher an employee, Targeted Employment Areas (TEA) allow residents of certain designated low-income areas to qualify Enterprise Zone employers for substantial hiring credits.

TARGETED TAX AREA (TTA): The TTA is a program very similar to Enterprise Zones. TTA offers incentives that are only available to companies located in Tulare County and are engaged in a trade or business within certain Standard Industrial Codes. State incentives include tax credits for sales and use taxes paid on certain machinery, machinery parts, and equipment; tax credits for hiring qualified employees; and a fifteen year net operating loss carry-forward.

TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP): A proposed trade agreement between the two largest economies in the world: the U.S. and the European Union. If realized, the TTIP will create a free trade zone that encompasses 46% of the world's GDP.

TRANS-PACIFIC PARTNERSHIP (TPP): A proposed free trade agreement that includes economies from within the Pacific region. Negotiations began in 2010, and currently include 12 countries: Australia, Brunei, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the U.S., and Vietnam.

UNITED STATES TRADE REPRESENTATIVE (USTR): The USTR is an agency of more than 200 committed professionals with specialized experience in trade issues and regions of the world. The agency directly negotiates with foreign governments to create trade agreements, to resolve disputes, and to participate in global trade policy organizations.

WORKFORCE INVESTMENT ACT (WIA): The federal Workforce Investment Act (WIA), which superseded the Job Training Partnership Act, offers a comprehensive range of workforce development activities through statewide and local organizations. Available workforce development activities provided in local communities can benefit job seekers, laid off workers, youth, incumbent workers, new entrants to the workforce, veterans, persons with disabilities, and employers. The purpose of these activities is to promote an increase in the employment, job retention, earnings, and occupational skills improvement by participants.

WORKFORCE INVESTMENT BOARD (WIB): The Governor has appointed a State Workforce Investment Board (WIB) consisting primarily of representatives from businesses, labor organizations, educational institutions, and community organizations. The State WIB assists the Governor in designing a statewide plan and establishing appropriate program policy.